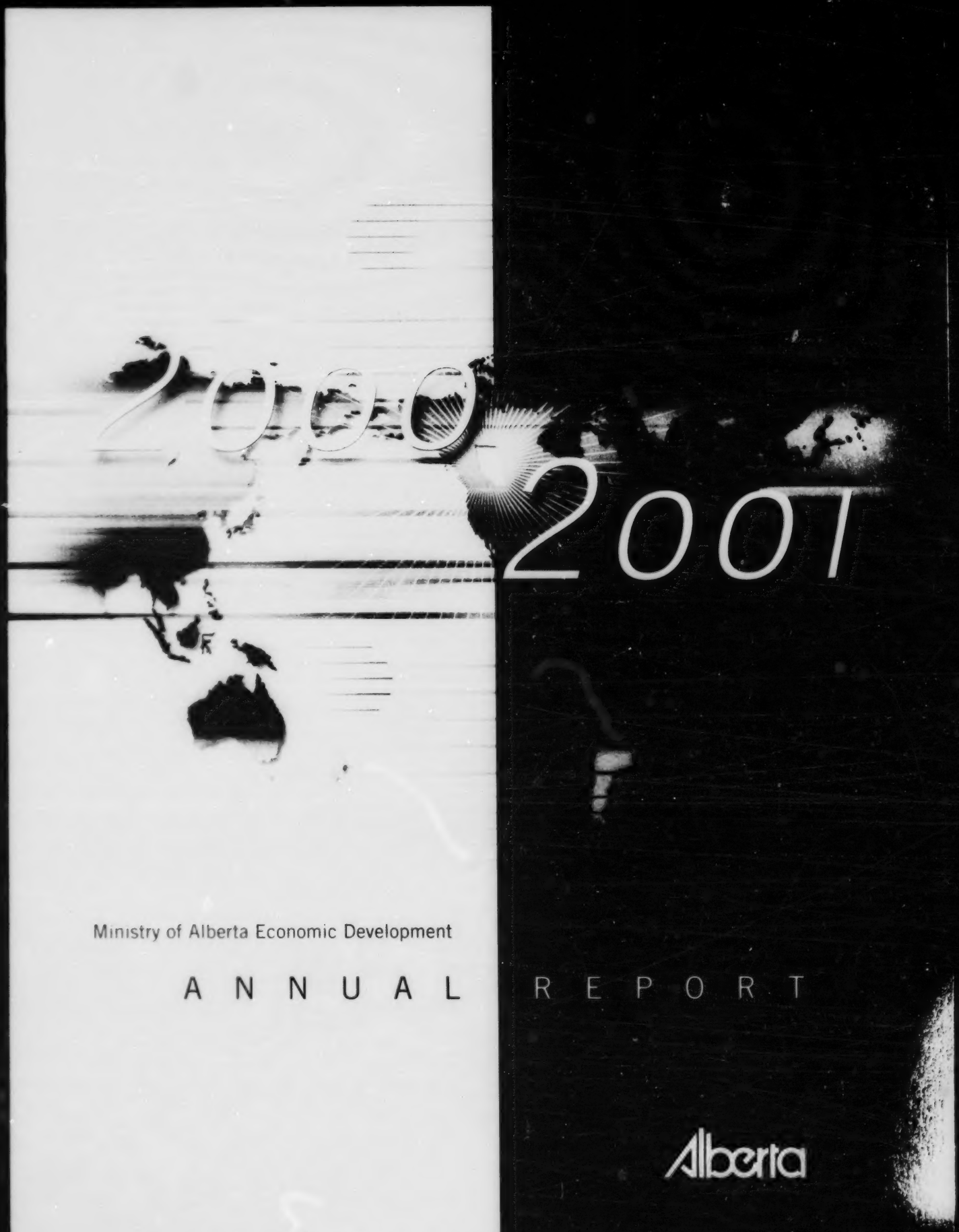

Ministry of Alberta Economic Development

ANNUAL REPORT

Alberta

101-07593/

Ministry of Alberta Economic Development
2000 – 2001 Annual Report

Public Accounts 2000 – 2001

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

The annual report of the Government of Alberta released in June, 2001 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

On March 15, 2001, the government announced new ministry structures. Since the 2000 – 2001 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000 – 2001 fiscal year against the original business plan.

This annual report of the Ministry of Economic Development contains the Minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry's business plan. This Ministry annual report also includes:

- **Other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.**

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Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2001 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at September 14, 2001 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Mark Norris
Minister

A Message from the Minister

We have it, others want it.

It's called the Alberta Advantage—those factors that make our province the best place in the world to live and do business. From low taxes to a highly skilled workforce, our province provides one of the most desirable economic environments in the global marketplace.

Last Year

Thanks to the Alberta Advantage, the year 2000 was a time of abundance for this province. In particular, the oil and gas industry flourished, the manufacturing sector thrived, and diversification efforts expanded.

As a result, Alberta's economy grew by more than 6%. Among the positive effects of that growth:

- **The value of international exports of goods and services increased by more than half**
- **Exports of manufactured goods and services increased by more than 30%**
- **Investment grew by 17%**
- **Manufacturing shipments increased by 18%**
- **Retail sales increased by almost 9%**
- **35,000 jobs were created**
- **Unemployment fell to the second lowest rate in Canada**

The growth experienced last year builds on Alberta's economic expansion over the last ten years. During the past decade, rapid growth has occurred in the petrochemical, food processing, forest product, electronic, telecommunication, and business service industries.

Forecasts indicate this growth will continue, exceeding 4% in 2001.

Alberta Economic Development's Role

Alberta Economic Development's role is to facilitate the province's economic development and growth. Through deliberate yet visionary planning, the ministry works to ensure our prosperity will be sustained in the coming years. Our provincial economic development strategy, *Get Ready Alberta*, is helping us to achieve this objective.

The ministry also promotes the Alberta Advantage to others by marketing Alberta's goods and services, encouraging investment in our province, and promoting tourism. We tell the world about the outstanding opportunities and attractions in this province.

These goals can only be achieved through the efforts of our partners in business, the community, and government. Their assistance and support is critical to the economic strength of our province.

The Year Ahead

In the coming year, we will work to ensure that Alberta's economy continues to thrive. We will help Alberta businesses to capitalize upon new opportunities, implement emerging technologies, as well as diversify and expand their products and services. We will encourage others to invest in and conduct business with Alberta companies. And we will invite the world to see and explore our province's magnificent landscapes and other tourist attractions.

We will ensure that our province remains the best place to live, work, and visit. It's our Alberta Advantage.

Mark Norris
Minister

Management's Responsibility for Reporting

The Ministry of Economic Development includes the Department of Alberta Economic Development.

The executives of the department have the primary responsibility and accountability for the department. Collectively, we ensure the ministry complies with all relevant legislation, regulations, and policies.

Ministry business plans, annual reports, performance results, and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports, and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry for the year ended March 31, 2001 rests with the Minister of Economic Development. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

- **Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money**
- **Provide information to manage and report on performance**
- **Safeguard the assets and properties of the Province under ministry administration**
- **Provide Executive Council, Treasury Board, the Minister of Finance, and the Minister of Economic Development any information needed to fulfill their responsibilities**
- **Facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act***

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the department.

Barry Mehr

Barry Mehr
Deputy Minister
Ministry of Economic Development

Overview of Ministry

Chart of Ministry Entities

2000 – 2001 Ministry Highlights

Chart of Ministry Entities

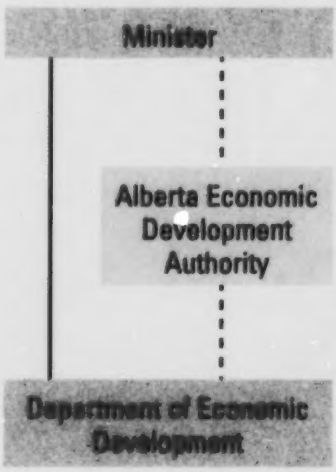
Department of Economic Development

The department concentrates on the following three core businesses:

1. Strategic leadership for economic development policy and planning—Provide strategic leadership for Alberta's economic development
2. Market development and investment attraction—Promote increased trade of Alberta goods and services and attract investment to Alberta
3. Tourism marketing and development—Stimulate the growth of Alberta's tourism industry

Alberta Economic Development Authority

- A unique relationship with the private sector that ensures the province's economic development goals are achieved in partnership with business and industry
- Established in 1994 by the *Alberta Economic Development Authority Act*, and made up of over 80 private sector volunteers comprising business, government, academic and research institutions, and economic development agencies



2000 – 2001 Ministry Highlights

Ministry highlights

In support of its partners in business, the community and government, Alberta Economic Development works to ensure Alberta's continued prosperity. It leads the province's economic development through strategic planning, markets Alberta's goods and services, encourages investment and promotes tourism. During the past year, significant strides were taken in each of these areas.

Key accomplishments

The ministry's key accomplishments in 2000-2001 include the following:

Leading economic development through strategic planning

Alberta's economy is strong and growing. Through focused, long-term planning, Alberta Economic Development encourages current prosperity to be sustained in the years ahead.

Critical gains were realized during the first year of implementing *Get Ready Alberta*, the province's new economic development strategy. This strategy recognizes Alberta's strengths and anticipates future challenges. It focuses upon four primary goals: unleashing innovation, leading in learning, competing in a global marketplace and making Alberta the best place to live, work and visit.

As part of this strategy, a $500 million endowment was granted to the new Alberta Heritage Foundation for Science and Engineering Research, more than 2,000 new post-secondary spaces were created in information and communication technology programs and nearly $500 million was invested in the health care system. In addition, corporate income taxes will be cut in half by 2004, saving businesses $1 billion.

Marketing Alberta's goods and services, encouraging investment

To increase trade with Alberta businesses and attract investment in our province, implementation of *Alberta's International Marketing Strategy* (AIMS) continued. This strategy identifies priority sectors and markets throughout the world and outlines plans for pursuing opportunities in these areas. It focuses upon those regions and sectors offering the greatest possibilities for new or expanded business and those markets offering the highest potential return on investment and effort.

For example, Germany is identified as a priority market in AIMS. Investment promotion from Germany was furthered by Alberta's participation in Expo 2000, held in Hannover, Germany from June 1 to October 31, 2000. Team Alberta — a consortium of more than 80 public and private sector groups — led the initiative, which was facilitated by the Government of Alberta and managed by Alberta Economic Development. Each day, an average of more than 25,000 visitors viewed an interactive, multi-media presentation that showcased Alberta's capabilities in business, education, tourism, technology and innovation.

As a result of this involvement, a database of key trade and investment contacts in Germany and throughout the European Union was developed and several significant trade and investment opportunities were initiated.

The ministry has also developed a plan to create regional economic alliances throughout the province. Through these alliances, Alberta communities work together to promote their regions, attract new industry and investment, and provide information and support to area

businesses. Last year, five alliances were established, including three new alliances, and more were under development. Visioning sessions were held to set priorities in regions with established alliances and to explore opportunities for regional cooperation in those areas without alliances.

Promoting tourism

Alberta has breathtaking scenic beauty and a host of diverse tourist attractions. To increase the number of visitors to Alberta, Alberta Economic Development actively promotes our province, telling others why it is the best place to visit.

For example, the 2000 Americas destination awareness advertising campaign promoted Alberta as a tourist destination to residents of the United States. This campaign, the first destination awareness marketing initiative of its kind in more than 10 years, generated 126,000 travel inquiries.

The 2001-2002 Americas integrated marketing program will build upon this initiative. The program's core budget was doubled through partnerships with Alberta industry and major partners such as the Canadian Tourism Commission, Air Canada and Western Economic Diversification.

Performance measures

Performance measures enable the ministry to measure its success.

Last year, the ministry met or exceeded nearly all performance measures. A complete system of performance management was successfully implemented for Alberta's International Offices.

Initial results are extremely favourable, with 84% of International Office clients since January 2000 indicating they are satisfied with the services provided and 62% agreeing there is a need for additional offices in other international markets.

Financial Highlights

The Ministry accomplished the objectives as set out in its business plan, while spending $0.15 million less than its $51.2 million budget.

The Ministry made substantial adjustments to its plan in 2000-2001 in order to make the most effective and efficient use of its resources. The most significant events that occurred were:

- **Reallocation of $2.0 million within the Ministry's existing budget in order to provide increased tourism marketing in international and in-Alberta markets. The reallocation of funds resulted in a reduction of support to manufacturing and technology sectors, reduced participation in investment attraction and trade development activities, and reduced policy and economic analytical support to the Alberta Economic Development Authority;**
- **Under-spending of $1.3 million due to the delay in the establishment of new international trade representation while a comprehensive performance measurement system was developed; and**
- **Investing $1.3 million in leading Alberta's successful public-private sector promotion of the Alberta Advantage at Expo 2000 in Hannover, Germany. Included in the $1.3 million investment are contributions from other partners totaling $0.4 million.**

A Message from the Deputy Minister

During the past several years, Alberta Economic Development has worked to improve its effectiveness as an organization, placing greater emphasis upon partnerships, measurable outcomes, and continuous improvement. These elements enable us to achieve, measure, and assure our continued success. I'm pleased to note the results of these efforts are reflected in this year's annual report.

I'd like to acknowledge the exemplary work of all ministry staff during the past year. Their efforts enabled us to achieve many of our goals, ultimately strengthening our province's industrial and business sectors and ensuring Alberta's economy remains vibrant.

Operational Effectiveness

Partnerships are an important part of our efforts to improve the ministry's effectiveness. These partnerships—with business, communities, other ministries, and other governments—enable us to improve our products and services, use our resources more effectively, and develop innovative approaches. They help us to achieve success.

For example, last year, our partnership efforts included collaborating with the ministries of Human Resources and Employment and Learning to address labour force shortages. An interdepartmental committee on workforce requirements was formed to evaluate labour demand forecasts and to develop a strategy for addressing this issue.

Performance measures help us to assess our success. Last year, we met or exceeded nearly all performance measure targets. In those areas where we did not reach our targets, we will be developing comprehensive strategies to ensure these goals are reached or our goals will be revised as required.

And finally, continuous improvement proactively enables us to remain successful. To sharpen our competitive edge, we sought ways in which we could become more efficient. For the first time, performance measures were developed for our International Offices. The initial results are extremely favourable. And, in the months ahead, we will introduce more services—within existing budget limits.

In the coming year, we will continue focusing upon these elements to effectively achieve, assess, and assure our success as an organization and the continued economic success of our province.

Barry Mehr

Deputy Minister

Ministry of Economic Development

Results Analysis

Department of Economic Development

Alberta Economic Development Authority

AUDITOR GENERAL *Alberta*

Report of the Auditor General on the Results of Applying Specified Auditing Procedures To Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Economic Development's performance measures included in the *2000-2001 Annual Report of the Ministry of Economic Development.*

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations that converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the performance measures and therefore I express no opinion on the performance measures included in the *2000-2001 Annual Report of the Ministry of Economic Development.*

Peter Valentine FCA
Auditor General

Edmonton, Alberta
July 20, 2001

Department of Economic Development

Focusing on the province's *Prosperity* core business, Alberta Economic Development (AED) encourages the province's business community to find new opportunities to expand business and create jobs by striving to ensure that Alberta is, and is known to be, the best place in the world to live and do business. The department leads the government's strategic marketing of Alberta as a credible player on the world economic stage. By doing so, we contribute to increasing the trade and investment required to grow our economy and to the development and well being of all Albertans.

AED develops, implements, and supports targeted strategies within selected sectors and markets to increase exports, enhance competitiveness, and attract visitors, investment, and business to the province. We also coordinate a strategic economic planning framework with the Alberta Economic Development Authority (AEDA), the private sector, and across other departments and governments to identify barriers to economic growth and build effective solutions that enhance the Alberta Advantage. Key to the performance of these businesses is the development and sharing of strategic market, trade, economic intelligence and business information, as well as the ongoing review, benchmarking, and promotion of the Alberta Advantage.

The Ministry works in partnership with the AEDA and the Strategic Tourism Marketing Council (STMC).

The AEDA, comprising ten committees with over 80 volunteers from the private sector, acts as a high level policy advisory group to the government concerning key economic development and industry competitiveness issues. This unique relationship with the private sector ensures AED's goals are achieved in partnership with business and industry.

The STMC, presently made up of 14 volunteers from the tourism industry and three members from the provincial government, establishes the strategic tourism marketing plan. The STMC is a partnership effort between government and the private sector to maximize the effectiveness of investments in tourism marketing made within Alberta.

To achieve its mission of promoting Alberta's continuing prosperity, AED concentrates on three core businesses:

1. Strategic leadership for economic development policy and planning—With the support of the AEDA, the department focuses on the key economic challenges and opportunities facing the province. Together, we identify diverse opportunities and strategically map out markets and sectors where Alberta can make the greatest difference.

2. Market development and investment attraction—The department promotes growth in trade of Alberta products and services and attracts investment to Alberta by focusing on markets and industry sectors that will have the greatest impact on the Alberta Economy.

3. Tourism marketing and development—AED, in conjunction with the STMC, focuses on the development and marketing of the tourism industry.

Through these partnerships and other stakeholders, such as business, industry associations, and other provincial departments, AED works to achieve the following goals related to its core businesses:

Goal 1: Alberta has a vibrant and versatile economy

Goal 2: Alberta's businesses, communities, and industry sectors are globally competitive

Goal 3: Alberta is a globally competitive tourism destination

Performance Measures

To reflect achievements related to these three goals, AED reports output measures and outcome measures. Output measures directly reflect on the performance of the department. The results of these measures are presented throughout the results analysis section in the shaded boxes.

The outcome measures reflect the performance of the Alberta economy overall, as well as performance of key economic sectors, which the Department's activities influence indirectly. Measures reflecting the overall economic performance include Gross Domestic Product, employment growth, and net new business increases. Statistics related to the performance of key sectors include manufacturing shipments and farm cash receipts. Trade statistics are related to the business plan objectives and strategies with respect to international trade development, and the investment data to objectives and strategies with respect to investment attraction. Results for these measures can be found on pages 49-59.

Goal 1: Alberta has a vibrant and versatile economy

We are in a global marketplace. In today's world, markets for products, services, ideas, and expertise are global. People, investments, and businesses are mobile, moving to wherever they get the best results. Short, medium, and long term interdependencies from production to consumption are the key evolving trend often referred to as "value chains."

It is crucial that Albertans develop strategies and goals for moving forward in order to keep pace with the world's quickly changing economic climate. Government and industry are committed to working together to build on the strengths of our economy and to set future goals for establishing a strong and sustainable presence for our province.

AED works toward its goal of a vibrant and versatile economy for Alberta by focusing its efforts on the objective of ensuring the most important challenges and opportunities facing the Alberta economy are addressed. We accomplish this by:

- Undertaking strategic economic planning for the provincial government
- Participating in and leading cross-ministry initiatives that influence the province's prosperity
- Assessing the competitiveness of Alberta's environment relative to other jurisdictions
- Providing business and economic information to support our stakeholders in their decision-making processes

Significant results achieved in 2000 – 2001 in each of these areas are highlighted in the following sections.

Strategic Economic Planning

AED, in partnership with the AEDA, continues to focus on Alberta's key economic performance challenges. Together, we identify the diverse opportunities presented by today's global economy and strategically map out markets and sectors that make the greatest difference to Alberta's economic performance.

- **Get Ready Alberta—Strengthening the Alberta Advantage**. In its inaugural year, *Get Ready Alberta*, Alberta's new economic strategy, successfully demonstrated strong alignment between its strategies and directions and those within department business plans. The strategy builds on Alberta's strengths and sets bold, diversified targets for moving forward by unleashing innovation, leading the world in learning, competing in a global marketplace, and making Alberta the best place in the world to live, work, and visit. AED led the work of several ministries in the strategy's development and ensured it provided direction to government processes and activities.
- **Alberta Economic Development Authority (AEDA).** AED continued to provide support to the AEDA on strategic economic initiatives such as:
  - Supporting the Global Business Forum in Banff, which was hosted by the AEDA, in cooperation with the Business Council on National Issues. The event attracted more than 135 of Canada's senior business leaders and other representatives from the public, private, and not-for-profit sectors to focus on developing recommendations that would improve Canada's global competitiveness.
  - Completing an assessment of major barriers faced by small and medium sized enterprises when accessing capital in collaboration with the AEDA; the Alberta Science and Research Authority; Alberta Agriculture, Food and Rural Development; and Treasury. The results of *Equity Capital for Early Stage Alberta Knowledge Based Businesses, Final Report* support the work of the AEDA's Taxation and Financing and Technology and Technology Products committees and the development of their recommendations on access to capital.
  - Supporting the AEDA's Agriculture Committee's efforts to provide market choice for Alberta's wheat and barley growers.

For more detail on the results of the AEDA, refer to the AEDA section of this annual report and to the 2000 – 2001 AEDA Activity Report.

Goal 1: Output Measure

Client and stakeholder (AEDA) satisfaction with overall department services

	1998-99	1999-00	2000-01	2000-01 to
AEDA Satisfaction	100%	100%	data not available	100%
Client Satisfaction	93%	90%	data not available	95%

Although an overall client and stakeholder survey was not conducted, surveys of selected client groups are presented throughout the Results Analysis section.

1

2

Results

- AED's overall client feedback initiative was reviewed in 2000 to identify opportunities for improvement. As a result, an overall client and stakeholder survey was not conducted during this fiscal year.

1

2

- **Alberta's International Marketing Strategy**. Investment and trade are the foundation of the Alberta economy. Currently, $59 billion of Alberta's gross domestic product is generated from exports. Approximately 500,000 jobs can be linked to the business Alberta conducts in international markets.

  Alberta's International Marketing Strategy (AIMS), developed by AED in cooperation with other departments in 1999 - 2000, focuses the department's efforts on the markets and industry sectors that are most likely to yield the highest return for our investment of resources. Export targets in AIMS have already been exceeded. Higher goals are being set and the focus is shifting from a geographical concentration of markets to a sector-specific concentration.

  The purpose of AIMS is to coordinate and focus Alberta's investment and trade activities by identifying priorities and strategies that make the most of Alberta's strengths in the global marketplace, and to set out strategic directions required to maintain the province's international competitiveness. AIMS also defines government's role, which is to provide market intelligence, identify opportunities, facilitate partnerships

Goal 1: Output Measure

Client and stakeholder (AEDA) satisfaction with overall department services.

	1998-99	1999-00	2000-01	2000-01 (t)
AEDA Satisfaction	100%	100%	**data not available**	100%
Client Satisfaction	93%	90%	**data not available**	95%

Source: AED *Stakeholder*[1] *and Client Satisfaction Surveys*[2] (t): target

Results:

- AED's overall client feedback initiative was reviewed in 2000 to identify opportunities for improvement. As a result, an overall client and stakeholder survey was not conducted during this fiscal year.

1 For the stakeholder surveys, telephone interviews were conducted with members of the Executive Committee of the Alberta Economic Development Authority (AEDA). The results reflect the combined responses of very satisfied and somewhat satisfied response categories for the question: "How satisfied are you with the quality of the support that your committee has received from the department and the AEDA office?"

2 The client surveys were conducted through telephone interviews with a sample of department clients drawn from AED's "Business Cards" database. The results reflect the combined responses of very satisfied and somewhat satisfied response categories for a question about their overall experience with AED's services over the past year. The survey results are accurate within ±5%, 19 times out of 20.

- **Alberta's International Marketing Strategy.** Investment and trade are the foundation of the Alberta economy. Currently, $59 billion of Alberta's gross domestic product is generated from exports. Approximately 500,000 jobs can be linked to the business Alberta conducts in international markets.

  Alberta's International Marketing Strategy (AIMS), developed by AED in cooperation with other departments in 1999 – 2000, focuses the department's efforts on the markets and industry sectors that are most likely to yield the highest return for our investment of resources. Export targets in AIMS have already been exceeded. Higher goals are being set and the focus is shifting from a geographical concentration of markets to a sector-specific concentration.

  The purpose of AIMS is to coordinate and focus Alberta's investment and trade activities by identifying priorities and strategies that make the most of Alberta's strengths in the global marketplace, and to set out strategic directions required to maintain the province's international competitiveness. AIMS also defines government's role, which is to provide market intelligence, identify opportunities, facilitate partnerships,

and provide support to the private sector at key points in the investment and export market development process.

Activities focus on providing individual companies with the information needed to make decisions.

Cross-Ministry Initiatives

Economic development is a responsibility shared among government departments and jurisdictions, and between the public and private sectors. AED works with other departments and governments to implement innovative approaches to service delivery in areas where we have shared objectives. During 2000 – 2001, AED led or participated in the following initiatives:

- **Aboriginal Policy Framework**. AED actively supported and participated in an on-going initiative to develop and implement a services and business information strategy for aboriginal clients. A cross-government inventory of services and information offered to aboriginal clients has been developed and will be assessed to identify gaps and eliminate overlaps.
- **Trade Team Alberta**. The joint Alberta-Canada Memorandum of Understanding (MOU) for International Business Development was renewed in May 2000 for another five-year term. The MOU, supported by various departments of both the Alberta and Canadian governments, sets the framework for cooperation between the two governments to enhance international business development opportunities for Alberta firms in the areas of export and investment.
- **Interdepartmental Labour Force Planning Committee**. Labour force shortages have been identified as the critical limitation to industry sector growth. As a result, AED initiated discussion with the departments of Human Resources and Employment and Learning to ensure that integrated policy approaches are developed to address the issue. An interdepartmental committee has been established to determine workforce requirements, and the Alberta Future Workplace Requirements to 2005 report was completed in October 2000.

  AED also continued its role as a co-lead of the People and Prosperity cross ministry initiative.
- **Western Economic Partnership Agreement** (WEPA). In 1999 – 2000, AED and Western Economic Diversification Canada co-chaired negotiations on Phase 3 of the WEPA, a cooperative effort that identified 23 economic development projects worth $7.3 million. The projects, to be implemented between April 2000 and March 2002, will enhance the long-term future of Alberta's economy by improving delivery of economic development activities and services. The Agreement fosters improved

cooperation between the Government of Alberta and the Government of Canada, including 50:50 shared funding of projects.

Results achieved on the WEPA projects partnered by Alberta Economic Development are:

- **Greenhouse Gas (GHG) Emission Reduction Technology Showcase.** In partnership with the Environment Services Association of Alberta, a website (www.ghgtechnology.com) has been designed to showcase commercial technologies or processes that reduce GHG emissions or improve energy efficiency.
- **Competitive Intelligence Training and Pilot.** Competitive intelligence (CI) is a process for discovering, developing, and delivering timely, relevant, and actionable intelligence needed to gain competitive advantage. This initiative is being undertaken by Trade Team Alberta. Four training sessions, highly valued by the 71 participants, were conducted across Alberta during 2000 – 2001 in Calgary, Edmonton, Grande Prairie, and Medicine Hat.
- **Connectivity 2000: E-Commerce Awareness Sessions.** The sessions were designed to improve understanding and usage of e-commerce by Alberta small businesses and municipalities. Six e-commerce general awareness sessions were held, one in each of Medicine Hat, Peace River, Wainwright, Bonnyville, Lac La Biche, and Cold Lake. Over 1,000 Alberta businesses have participated in these sessions.
- **Integrated Information Strategy and Implementation.** The purpose of this project is to assess current information technology infrastructure and information platforms/systems used by community, regional, and provincial/federal entities, and to develop a strategy to improve electronic linkages among these groups. A contract has been established with Western Economic Diversification Canada to formalize the project and a request for proposal has been issued for the first phase of the project. Results will begin to be achieved in 2001 – 2002.
- **Métis Nation of Alberta Association (MNAA).** AED supported the efforts of the MNAA in developing a strategic economic development plan. The plan will be used to guide activity of the economic development officers in their six geographic zones, in order to help the MNAA identify priorities and opportunities for increased participation by the Métis community in the Alberta economy.
- The three remaining WEPA projects partnered by AED promote economic and business growth in aboriginal communities.

Alberta's Competitiveness

The department continually monitors Alberta's competitiveness relative to other jurisdictions. This enables us to recommend policies that will help move our economy forward.

Specific initiatives undertaken in 2000 – 2001 include:

- **Alberta Comparative Cost Model. AED utilizes a model, developed by the firm KPMG, for comparing the competitiveness of Alberta business locations with other competing jurisdictions. The model includes cost data for six Canadian and seven American cities, and is used by the department as a tool for attracting new business and investment into the province and for examining tax alternatives. (See performance outcome measure on page 57.)**
- **Tax Competitiveness. The Benchmarking of Business Tax Competitiveness project was completed. Study results form the basis of ongoing business tax competitiveness modeling by AED. Several of the publications identified in the Business and Economic Information section below report Alberta's competitiveness relative to other jurisdictions (e.g. Highlights of the Alberta Economy, Monthly Economic Review).**
- **Personal Tax and Cost of Living Analysis. To assist in employee recruitment and retention initiatives, AED undertook an independent study examining Alberta's competitiveness in terms of total cost of living. This study examines personal taxes and living costs for five different salary levels in 14 cities in Canada and the U.S. This analysis confirms that Alberta cities are among the most attractive locations in North America.**

Business and Economic Information

AED provides timely and crucial information to facilitate entrepreneurial investment decisions. This information takes the form of economic reports, statistics, industry-specific studies, and research publications. In 2000 – 2001, clients continued to look to the department for business and economic information on long-term trends for the Alberta economy. This information is provided through a series of publications published at regular intervals throughout the year:

- **Alberta Business Outlook**
- **Global Economic Outlook**
- **Highlights of the Alberta Economy**
- **Monthly Economic Review**
- **International Trade Review**
- **Inventory of Major Alberta Projects**
- **Inventory of Alberta Regional Projects**
- **Tourism Market Monitor**

These publications, and other economic information, are available on our website at www.alberta-canada.com\statpub

Goal 1: Output Measure

Utilization of department's website and publications.

	1999-00	2000-01	2000-01 (b)
Total page requests on AED web site	405,978	**633,954**	322,000
Number of regularly produced publications distributed by mail	6,789	**13,991**	3,100
Page requests for publications on AED web site	49,705	**151,075**	43,000

A telephone and web-based survey of approximately 1,000 publication users revealed that 95% of print users and 98% of the on-line users were satisfied overall with AED publications.

- Utilization of the department's website, www.alberta-canada.com, and publications shows significant growth and exceeds the targets. This achievement is likely the result of the dynamic nature of the website and its growth. These results also reflect the continuing expansion of Internet use. The increase in the number of print publications distributed by mail reflects the increase in requests for the Monthly Economic Review and the Inventory of Major Alberta Projects.

Goal 2: Alberta's businesses, communities, and industry sectors are globally competitive

Industry Development

Goal 1: Output Measure

Utilization of department's website and publications.

	1999-00	2000-01	2000-01 (t)
Total page requests on AED web site	405,978	633,954	322,000
Number of regularly produced publications distributed by mail	6,789	13,991	3,100
Page requests for publications on AED web site	49,705	151,075	43,000

Source: Innovation and Science's *Server Log Files* and *Access Reports*[3] and AED[4] (t): target

Results:

- Utilization of the department's website, www.alberta-canada.com, and publications shows significant growth and exceeds the targets. This achievement is likely the result of the dynamic nature of the website and its growth. These results also reflect the continuing expansion of Internet use. The increase in the number of print publications distributed by mail reflects the increase in requests for the Monthly Economic Review and the Inventory of Major Alberta Projects.

[3] During the months of June through September 2000, there were problems with the log files, which likely resulted in the under-reporting of the total number of page requests and report downloads during this period. The values presented should be viewed as estimates.

[4] The following publications are considered in the calculation of the number of regularly produced publications distributed by mail: Alberta Business Outlook, Global Economic Outlook, Highlights of the Alberta Economy (Annual Report), Monthly Economic Review, Annual and Quarterly Summaries for International Trade Review, Inventory of Major Alberta Projects, Inventory of Alberta Regional Projects, and Facts on Alberta.

Goal 2: Alberta's businesses, communities, and industry sectors are globally competitive

If we are to keep Alberta's economy strong and vibrant, it is important that we maintain Alberta's positive economic climate and expand our horizons to succeed in an increasingly knowledge-based economy.

To achieve the goal of a globally competitive Alberta, the department focuses its efforts on four cornerstones of economic development: industry development, regional development, trade development, and investment attraction. The following sections highlight key results achieved in 2000 – 2001 for each of these areas.

Industry Development

The function of industrial development within Alberta is shared among government departments. AED leads in some sectors, while other departments assume the lead for other sectors. AED partners with the private sector and other stakeholders on projects that improve competitiveness; identify and pursue supply, investment and development opportunities; and mitigate logistical and other constraints to

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industry development. The department supports this key component of economic development by:

- Addressing challenges and opportunities for value-added industries
- Facilitating partnerships and networks to support industry sector growth
- Providing industry competitive intelligence to assist Alberta companies in becoming globally competitive

Addressing Challenges and Opportunities for Value-Added Industries

The department supported initiatives that brought together industry stakeholders to discuss and formulate strategies for industrial development from which Alberta expects to benefit in the future. These initiatives included:

- Supporting the annual **Canadian Energy Research Institute petrochemical conference** in Kananaskis, which brought over 100 senior industry executives and government officials together to discuss the outlook for petrochemical production in Alberta.
- Organizing stakeholders meetings on **Alberta capabilities for autonomous and remotely guided vehicles** where 28 Alberta aerospace representatives formulated a strategy to identify and pursue future market opportunities and sector development capabilities.
- In partnership with industry and other government departments, produced the ***Alberta Construction Workforce Supply-Demand Forecast***, which assists industry with human resource planning for upcoming major construction projects in Alberta.
- In partnership with Alberta Innovation and Science, held the ***Securing Alberta's Future Through Technology Innovations Forum***. The forum attracted top international experts in emerging technology areas such as medical/agricultural biotechnology, wireless technology, and database management who shared their views and experiences with an Alberta audience consisting of government, academia, and the private sector.

Facilitating Partnerships and Networks to Support Industry Sector Growth

Initiatives undertaken that supported increases in industry revenues and job creation included:

- In partnership with the Environmental Services Association of Alberta, a **Greenhouse Gas (GHG) Emission Reduction Technology Showcase** web site www.ghgtechnology.com was designed to showcase commercial technologies or processes that reduce GHG emissions or improve energy efficiency.
- In partnership with the Alliance of Canadian Manufacturers and Exporters and Economic Development Edmonton,

AED sponsored an **Industrial Buyer-Supplier Forum** to provide over 200 Alberta suppliers of products and services with competitive intelligence on supply chain opportunities and practices in Alberta.

- Supported Canadian Environmental Technology Advancement Corporation West in delivering the ***Entrepreneur to CEO workshop***, product and market assessments, business plan development, and sources of capital identification services to 139 companies.
- Partnered with key industry associations to deliver the **Medical Devices Marketing Workshop**, attended by 85 people representing medical device companies, on how to market products into the U.S. and identify networking/alliance opportunities.
- Completed studies demonstrating opportunities for the production of **polystyrene and composite dimensional lumber** in Alberta.

Providing Industry Competitive Intelligence to Assist Alberta Companies in Becoming Globally Competitive

Initiatives, including those listed below, were undertaken to assist Alberta manufacturers in improving their long-term competitive performance and reliability.

- Partnered with the Alliance of Canadian Manufacturers and Exporters to deliver 14 manufacturing workshops throughout Alberta, **promoting "lean" thinking and manufacturing** consortiums, attended by 250 people representing 100 companies.
- Piloted an initiative that included performing **competitive assessments** on 14 Alberta manufacturing companies in order to introduce lean manufacturing practices that will assist the companies to improve their operating efficiencies.
- Supported the Quality Council of Alberta's Annual Conference, Alberta Quality Awards, and championed the delivery of Regional Awareness workshops that were designed to introduce **quality management** concepts to over 140 Alberta firms.
- AED and Alberta Innovation and Science coordinated and led the development of a new Internet site http://ctn.nrc.ca/ctn/ai3 that provides an outline of the steps involved in **commercializing an idea or product.**

Regional Development

AED encourages Alberta communities to collaborate in their efforts to share and contribute to Alberta's economic and business growth. AED also provides services to local economic development alliances, municipalities, and other regional stakeholders to make better business decisions and implement proactive strategies. The department focuses its activity on:

- **Promoting regional cooperative economic development initiatives**
- **Supporting the development of regional business and investment attraction strategies**
- **Providing information to support small business and regional growth**

Promoting Regional Cooperation

Whether engaged in business or investment attraction or market expansion, Alberta communities and businesses compete in the global marketplace. By pooling their efforts, Alberta communities are better able to promote their regions, offer the services needed by today's businesses, and undertake projects that individual communities might not be able to do on their own.

Municipal, provincial, and business leaders have worked together to build economic development strategies from the grass-roots level. These strategies help leaders of the various alliances to strengthen the economic base of their communities as well as to present more attractive options to business prospects and investors. Improved alliance competitiveness comes through improved economies of scale, marketing campaigns, export initiatives, and business and investment activities. In addition, rural regions of the province are better able to compete for higher levels of business growth and investment. In the past year three new regional alliances have emerged in Alberta: Northeastern Alberta Information Hub, West Central Economic Region, Palliser Economic Partnership.

In total, the three new alliances and the two existing alliances represent over 140 Alberta municipalities that are working together within a regional context. AED's efforts focused on guiding the establishment of regional economic development alliances and actively supporting their evolution and ongoing operations.

AED formalized a three-year renewal agreement of its memorandum of understanding with the Central Alberta Economic Partnership (CAEP), entered into a service agreement with the Peace Region Economic Development Alliance (PREDA), and provided administrative, professional services, and project support to a variety of the alliances and community associations.

AED delivered ten regional visioning sessions. These sessions encouraged municipalities to explore opportunities associated with regional cooperation or to set economic priorities within their regions.

AED actively supported the successful development of the Greater Edmonton Competitiveness Strategy by providing important financial and human resources. Department staff worked with various industrial cluster committees. This economic blueprint, once implemented, will provide the impetus to judiciously build this region's economy.

Supporting Regional Investment Strategies

- **Self-Reliant Aboriginal Communities. AED has worked with aboriginal organizations to further common economic agendas. Project highlights in 2000 – 2001 included:**
- Supporting the Métis Nation of Alberta Association (MNAA) in eight projects to encourage economic development.

These projects included the association's efforts in developing a strategic economic development plan to be used as a guide to help the MNAA identify priorities and opportunities for increased participation by the Métis community in the Alberta economy.

- Piloting an initiative with the Athabasca Tribal Council that provided consulting and mentorship services to six First Nations businesses to improve operational competitiveness in the Fort McMurray region.

Providing Information to Support Small Business and Regional Growth

- **Business Information Centres**. AED, in partnership with federal and municipal governments, provides vital information and intelligence to Alberta's business community. The department will continue to enhance information delivery at existing sites and look for opportunities to develop additional sites throughout the province.
- The Business Link Service Centre, located in Edmonton, provides business information throughout the province through its toll-free line (1-800-272-9675). During the year, the Link assisted more than 47,000 clients, and its website (http://www.cbsc.org/alberta) received a record 780,000 visitor sessions.
- The **Calgary Business Information Centre**, which provides information services for the Calgary area, responded to over 22,000 direct client inquiries in 2000 – 2001.
- AED also supported three new regional information sites located in La Crete, Rimbey, and Rocky Mountain House.
- **AlbertaFirst.com**. AED continued to be a major supporter of AlbertaFirst.Com Ltd. initiatives to provide economic development tools to Alberta communities and information to potential and existing Alberta businesses. During the year approximately 115,000 users of the website (www.albertafirst.com) were provided with more than 13,300 Starting a Business publications; 6,100 community or regional profiles; and 5,100 inventories of major and regional projects. The overall number of visits was significant, with 2.7 million views of other information pages on the site.

  Working with partner AlbertaFirst.Com Ltd., AED provided training to approximately 45 community and regionally based economic development practitioners on the use and application of the Business Attraction Information System (BAIS). Furthermore, the partnership developed a comprehensive directory of Alberta businesses with 90,000 records in BAIS.

An agreement between AED, the Alberta Real Estate Association, and AlbertaFirst.com Ltd. resulted in the completion of site enhancements providing potential investors with commercial real estate listings throughout the province. Communities are also marketing their municipally owned properties using these new features.

To accommodate a vast increase in users, to modernize and integrate with other systems, AED is continuing to work with AlbertaFirst.Com to re-engineer and expand the AlbertaFirst databases and website.

- **Communities on the Grow**. AED released a series of Communities on the Grow publications. These 13 publications (11 updated and two new) provide examples of successful community and regional economic development processes. They were distributed to 550 Alberta communities and economic development organizations.

- **Business-to-Business E-Commerce**. Five industry-specific training and awareness sessions were held during the year, covering tourism, agriculture, oil and gas, aerospace, and manufacturing. More than 150 business registrants attended sessions held in Calgary (two sessions), Drumheller, Leduc, and Wetaskiwin.

Investment Attraction

During 2000 – 2001, AED launched or further developed initiatives to market Alberta as an attractive investment location. These initiatives were instrumental in attracting 14 companies to invest $88 million through expansion in, or relocation to, Alberta, and to create 565 direct jobs. The primary geographic markets for AED's investment attraction activities were the U.S., Canada, the European Union, and Asia. AED's activities can be grouped under four key areas of focus, but a number of these accomplishments and initiatives legitimately reflect multiple strategies and could be categorized differently.

- **Retention/Expansion of the Alberta Investments of Foreign-Owned Multinationals.** Working with foreign-owned subsidiaries provides an opportunity for AED to influence the investment strategy of the parent company and to raise awareness of Alberta. Some significant results achieved are:

- Initiated a corporate multinational enterprise (MNE) program that involves working cooperatively with foreign subsidiaries located in Alberta to expand local operations. One component of this strategy requires the development of relationships with personnel both in Alberta and at the head offices of the MNEs.

- Instrumental in convincing a major U.S. software developer to remain in Alberta (instead of relocating to the U.S.) and to expand investment creating 300 new jobs in the Edmonton region.

- **Attraction of Targeted Multinational Corporations Without Investments in Alberta**. Multinationals have experience operating outside their home markets, have access to investment capital and are most receptive to locating in a new jurisdiction. AED targets multinationals in priority industry sectors. Highlights included:

- Successfully attracted a major European telecommunications equipment manufacturer to the Calgary region. The initial investment was approximately $50 million and created 75 jobs, with a potential threefold increase within the next five years.

- Spearheaded and coordinated ministerial investment mission to meet with key business leaders and corporate executives in multinational companies located in the U.K., France, and Germany. Discussions involved potential investments in information and communication technologies, chemicals, oil and gas, and manufacturing. The mission generated qualified leads that are still being pursued.

- Initiated discussions and developed an investment partnership program with one of the world's top 100 electronics and electrical engineering companies. The program has led to ongoing discussions for joint research and development ventures in energy, information and communications technologies, transportation, and healthcare.

- As part of a U.S. corporate attraction strategy, met with 28 site selectors to deliver the Alberta Advantage message and to establish long-term relationships.

- Increased Alberta's profile in the International Development Research Council (IDRC), the world's leading professional association for executives managing corporate assets. There are 44 local chapters (including one in Alberta that AED helped to establish) on five continents.

- **Attraction of Foreign Direct Investment to Alberta**. Marketing Alberta as an investment location involves raising the awareness of potential investors in markets that are a source of outward investment. New foreign investment increases the diversity of capital sources and the opportunities for local companies to secure joint venture partners. Notable results include:

- Developed a partnership with an Asian venture capital association. Twenty-five Alberta investment opportunities were showcased. Six companies pursued deals.

- Partnered with the private sector to showcase Alberta capabilities at Bio 2000, the world's largest trade and investment show for the biotechnology industry.

- Developed and partnered with Innovation and Science to host four expatriate events for Albertans living in the U.S. Outcomes included: three corporate expansions, six individuals returning to work and conduct business in Alberta, one new information and communication technology company establishing operations in Alberta, and two venture capital leads.

- **Attraction of economic immigrants to Alberta.** Economic immigrants include entry level and skilled workers, investors, and entrepreneurs. These individuals help to address Alberta's labour shortages and/or provide a source of investment capital for Alberta through the creation of new businesses. Significant accomplishments include:

- Assisted in generating $8.4 million of new investment by business immigrants. This created 92 full-time and 118 part-time jobs for Albertans. Marketing activities also attracted 237 exploratory visits by potential business immigrants to Alberta, resulting in 5,600 visitor days.

- Participated in the Federal-Provincial Immigration Promotion and Recruitment mission to Milan, Italy and Dusseldorf, Germany from March 20 – 23, 2001.

- Attended Emigrate 2001 in London, England. Emigrate 2001 is the largest international immigration trade show, attracting approximately 16,500 people over three days.

- Developed and implemented a skilled worker promotion event targeting foreign information and communication technology workers (H1-B temporary visas) in the U.S. This initiative targeted foreign workers in California who can meet some of Alberta's critical skilled worker requirements. Approximately 70 people attended the event.

Trade Development

AED focuses its trade development activities on five areas:

- Providing market intelligence
- Creating partnerships, networks and alliances
- Showcasing Alberta
- Leading with specific industries
- Utilizing international financial institutions (IFIs) as one method of market entry.

Providing Market Intelligence

AED provides Alberta business with market intelligence on emerging opportunities within our target markets and sectors in order to increase our clients' competitive advantage and market access. Market intelligence has become a major feature of AED's service to Alberta businesses and will continue to be particularly relevant for new growth sectors.

- **Regional Export Alliances.** AED provided support to the ongoing operations of five Regional Export Alliances (REAs) throughout the province including Calgary, Central Alberta, Greater Edmonton, Medicine Hat, Lethbridge, and Northwest Alberta. The REAs provide services to exporters in order to better coordinate the development and delivery of export services.

- **Services to New Exporters.** The department has developed, presented, and provided a number of export readiness training and educational opportunities throughout the province. The sessions were offered in Calgary, Edmonton, Grande Prairie, Lethbridge, Medicine Hat, and Red Deer. Because of the significant interest by companies in exporting to the U.S., focused export sessions on U.S. regulations and requirements included: *The Do's and Dont's of Business Entry into the U.S.*, Export Information Sessions, and *U.S. Canada Trade: A Practical Approach.*

- **Mexico Business Intelligence Services (MBIS).** MBIS provides electronic market intelligence to Alberta organizations interested in exporting to the Mexican market. Since full operation commenced on November 1, 1999, the MBIS website www.alberta-canada.com/mbis has recorded over 1,500 hits from more than 250 discrete users.

- **Agriculture.** AED focuses on supporting the agri-industry in priority markets, including the U.S., Japan, Mexico, Korea, Taiwan, and Europe. Regular market information and intelligence was provided to industry by electronic means through the Internet, with nearly 45,000 pages accessed. Specific market intelligence and opportunities were communicated to industry directly through meetings, correspondence, and presentations.

  AED formalized its partnership with Alberta Agriculture, Food and Rural Development (AAFRD) through a memorandum of understanding to ensure that information flow continues and industry service is addressed. This has assisted in the continued significant growth of the food and beverage industry.

  AED also conducted a number of market studies in priority markets and initiated others. Notable among these studies were: U.S. Organic Feed Study, Korean Private Label Study, and Japanese Parbake Study. Further, AED collaborated with other provinces and the federal government, through the Federal-Provincial Market Development Council, to improve access for priority agri-food products in target markets. Through this process, an information seminar on existing opportunities in the European Union for organic foods was organized

for the benefit of Alberta exporters and processors.

AED, in cooperation with AAFRD, builds networks and alliances through exchanges with private industry and research institutions such as Seiyu stores in Japan and The Hokkaido Food Processing Development Centre. In addition, AED and AAFRD have a number of agreements in place in China to further Alberta interests. AED seeks out opportunities within prioritized markets and sectors in order to build on clients' comparative advantage and market access.

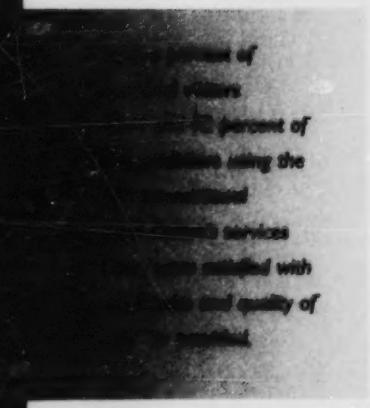
Creating Partnership Networks and Alliances

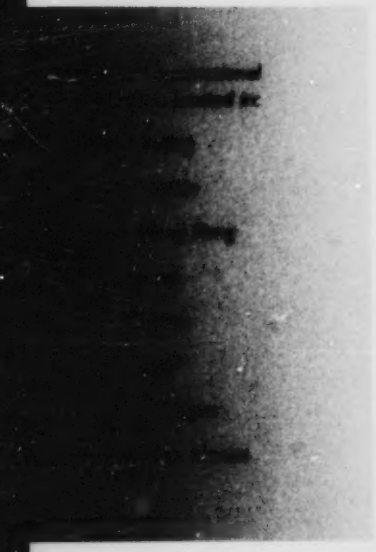
Working together with industry partnerships and alliances has increased Alberta's leverage in target markets. A strong and active network gathers intelligence, builds awareness, and develops trade and investment opportunities for Alberta companies. This year, AED worked on several partnership and networking initiatives.

- **Team Alberta@Expo 2000.** With 18 million visitors, Expo 2000 was the world's largest exposition. In 2000, it ran from June 1 through October 31 in Hanover, Germany. Alberta's presence was considerable: an interactive multimedia exhibit and an AED-led Alberta Days program developed cooperatively with Team Alberta@Expo 2000, a private-public partnership of more than 80 organizations. The Team Alberta@Expo 2000 project served as a focal point for entry or re-entry into the European marketplace. As a result of this project, a database of 1,200 contacts was developed of which more than half were business related.
- **Banff Venture Forum.** AED, Innovation and Science, and the ICET Alliance worked collaboratively to deliver Alberta's first venture capital forum in September 2000. Response to the forum was outstanding, with over 220 attendees including 45 different investor groups. At least 6 capital agreements resulted from the event.
- **Export support.** AED has encouraged Alberta exporters to partner with the many organizations that provide support services to exporters such as the Export Development Corporation, Canadian Commercial Corporation, Canadian International Development Agency, Business Development Bank of Canada, Program for Export Market Development, and Alliance of Canadian Manufacturers and Exporters.

Showcasing Alberta Abroad

AED employs a wide variety of tools to support market entry by Alberta exporters and promote the province as an attractive location for investment. The tools—which range from Alberta's International Offices and Premier/Minister-led trade missions to marketing materials—are designed to improve market access and to promote targeted industry sectors. Market development activities are carried out in partnership with the Alberta private sector.





- **National Petroleum Show/ World Petroleum Congress.** AED sponsored the Alberta International Business Centre at the National Petroleum Show held in Calgary in June 2000. The Centre provided facilities and services for international delegates to support meetings with Alberta companies and provide information on doing business in the province.

- **International Representation.** To remain competitive and prosperous, Alberta's industry must be continually driven by global opportunities. Alberta has had a network of international representatives for the past three decades. During this time, the form of our representation has changed in response to the demands of both the international and Alberta economies.

  The role of the International Offices (see sidebar for locations) is to assist in attracting investment to Alberta, and to assist the private sector in generating business between Alberta-based companies and the governments and companies in the countries in which the offices are located. Alberta businesses using the services of these offices have commented that AED's international offices are a strong asset and provide good service. The achievements of the International Offices are outlined in detail in the Alberta's International Offices Annual Report 2000-2001.

Goal 2: Output Measure

Client satisfaction with services provided by international offices.

Target: under development

Actual: 84%

Source: AED, *International Office Client Survey* [5]

Results:

- **A telephone/web survey of International Office users since January 2000 found that 84% of Alberta-based users were satisfied overall with the services of the offices.**

[5] Respondents were asked how they would rate their overall satisfaction with the office. Response categories included very dissatisfied, somewhat dissatisfied, neutral, somewhat satisfied, and very satisfied. The satisfaction measure combines the frequency of last two possible responses. The results reflect the responses of 297 users of the offices since January 2000. If Alberta clients used the services of more than one office during this period, they were asked to reply to questions pertaining to each office that they had contact with. The results, therefore, reflect the responses of users, not individual clients.

Leading With Specific Industries

To enter certain markets, Alberta must concentrate on promoting industries—such as oil, gas, and agricultural products—that are already established internationally. This reinforces a market presence and can increase awareness of Alberta's other goods and services. Other activities such as training offered by Alberta educational institutions help to increase market awareness and support business links between Alberta and key international markets.

- **Trade Marketing Activities.** In partnership with industry, AED undertook key marketing activities such as trade shows, conferences, and missions in several priority industry sectors such as energy, information and communications technology, agriculture and food, and building products. During 2000 – 2001, the department also undertook information gathering and facilitated a range of seminars, website developments, and partnership negotiations. Some of these events focused on Alberta's traditional industries such as oil and gas, petrochemicals, agriculture, and forest products. Others emphasized high technology capabilities such as biotechnology, food processing, information technology, and aerospace research.

  All of these initiatives helped to promote Alberta business and industry globally, increase export opportunities, attract international investment, and gather market intelligence and investment leads.

Goal 2: Output Measure

Post-appraisal of AED's outgoing trade shows and missions in terms of number of participants and number of contacts made by participants.

	2000-01	2000-01 (t)
Number of companies or organizations participating	224	under development
Number of contacts [6]	6,183	under development
Number of qualified leads [6]	4,438	under development

Source: AED, *Trade Show and Mission Client Survey* [6] (t): target

Results:

- **Ninety-six percent of companies rated AED as helpful to them in achieving their goals and objectives, e.g. generating new contacts and qualified leads as well as increasing sales, for their participation in the event. Almost 6,200 business contacts established, 4,400 were likely to result in a sale or investment.**

6 AED participated in 27 trade shows/missions (external to Alberta) where 224 organizations participated with AED. Eight of these trade shows/missions participated in the performance measurement framework. These events (with the number of Alberta organizations participating in the survey shown in brackets) were: Offshore Technology Conference (45), Western Canadian Farm Progress Show (22), Society of Petroleum Engineers (12), Iran Oil and Gas Mission (5), International Petroleum Exhibition (7), Mexico Home Builders Show (6), Amarillo Farm and Ranch Show (7) and Atlanta Home Builder's Show (7). From these eight trade shows/missions, 126 organizations were asked to complete a self-administered questionnaire; 111 organizations completed the survey.

Using International Financial Institutions (IFIs)
AED and the private sector have recognized that IFIs can and should play an integral role in the development of international market penetration by the Alberta private sector. This builds the capacity of Alberta firms to work in developing countries. AED's principal activities included promotion of Alberta to IFIs, providing market intelligence to Alberta's private sector, and building awareness of IFIs' role in trade and investment. Some key initiatives undertaken include:

- **Environmental Mission to the World Bank and Inter-American Development Bank** by four Alberta firms identified nine projects in the range of $500,000 to $1 million. It is also expected that in the next 12 months the firms will be bidding on another $2 million in projects.
- **Asian Development Bank Business Opportunity Seminar.** Sixty individuals from various public and private sector organizations registered for the workshop including 25 who participated in individual one-on-one meetings.
- **Outreach Programs by Various Institutions.** This included the Canadian International Development Agency (CIDA), the African Development Bank, the World Bank, and the International Finance Corporation.

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Goal 2: Output Measure

Post-appraisal of AED's outgoing trade shows and missions in terms of number of participants and number of contacts made by participants.

	2000-01	2000-01 (t)
Number of companies or organizations participating	**224**	under development
Number of contacts [6]	**6,183**	under development
Number of qualified leads [6]	**4,428**	under development

Source: AED Trade Show and Mission Client Survey [6] (t) Target Results

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Goal 3: Alberta is a globally competitive tourism destination

AED, in conjunction with industry partners, focused on the development and marketing of the tourism industry by performing the following activities:

- **Tourism Marketing**—Marketing Alberta as a destination for tourism
- **Tourism Services**—Providing information and support services to visitors
- **Tourism Development**—Encouraging industry development and addressing tourism policy issues
- **Tourism Research**—Gathering competitive intelligence and statistics to support tourism marketing and development

Tourism Marketing

Alberta's tourism marketing framework is designed to increase visitation and revenues through effective tourism marketing for Alberta, both domestically and internationally. The framework consists of geo-region marketing investments implemented by Travel Alberta and marketing support programs managed by AED.

These programs are integrated under the Strategic Tourism Marketing Plan (STMP) and are guided by the industry-led Strategic Tourism Marketing Council (STMC). The STMC is a cooperative public/private sector effort to maximize the effectiveness of investments made to increase tourism within and to Alberta.

- **Travel Alberta.** Travel Alberta is the industry-led AED marketing organization that promotes Alberta as a "must see" tourism destination. Travel Alberta provides marketing programs for Alberta tourism operators, which are delivered in key markets worldwide through Travel Alberta marketing representatives and marketing partners such as the Canadian Tourism Commission. Travel Alberta oversees the marketing activities of its in-province, national, and international contractors, and supports the industry through strong communication networks such as industry workshops; Directions, the Travel Alberta Marketing Newsletter; and the Tourismtogether.com industry intranet.
- **National/International Marketing.** National/international marketing activities focus on attracting visitors to Alberta from outside the province. Travel Alberta undertakes two main types of marketing in this area: destination awareness marketing and product marketing.

  There were 368 national/international marketing projects undertaken in 2000–2001, of which 94% met or exceeded expectations.

Destination Awareness Marketing

- Destination awareness marketing relates to projects that promote awareness of Alberta as a tourist destination. The emphasis is on

creating awareness of Alberta as a place to visit.

- In 2000, the Americas Destination Awareness Advertising campaign was the first such marketing initiative in more than ten years and generated some 126,000 qualified travel inquiries, 26,000 more than targeted.
- The 2001 – 2002 Americas Integrated Marketing program's core budget was doubled through a reallocation of funds within the department and through partnerships with Alberta industry and major partners , including the Canadian Tourism Commission, Air Canada, and Western Economic Diversification.
- Travel Alberta participated in United Kingdom and Germany destination awareness advertising campaigns with the Canadian Tourism Commission, Canadian provinces, and in-market airlines/tour operators to generate awareness and travel inquiries. The German campaign reached 10.4 million people and exceeded the response target by 74%. The United Kingdom campaign reached 11.6 million people and exceeded the response target by 44%.

Product Marketing

- Product marketing projects are tourism initiatives that provide direct selling opportunities for, and partnering opportunities with, the private sector. Travel Alberta's *Tactical Marketing Plan and Industry Opportunities, 2000 – 2001* offered 100 partnership opportunities. Partners contribute financially to product marketing projects as per the leverage policy of Travel Alberta. The industry also brings forward marketing proposals for Travel Alberta and/or Tourism Destination Region consideration and participation.
- Examples of partnered initiatives include trade shows such as Rendez–vous Canada and Canada's West Marketplace held in Lethbridge. Consumer shows and promotions media relations, event marketing (e.g. 2001 World Championships in Athletics), and web marketing round out the partnered marketing activities undertaken by Travel Alberta and industry.
- **In-Province Marketing.** In-province marketing focuses on increasing travel by Albertans to all regions of Alberta. Some significant accomplishments achieved during the 2000 – 2001 fiscal year are:
- The 2000 – 2001 Summer Destination Campaign was a fully integrated campaign. Individual initiatives such as the Summer Television Campaign, the Travel Alberta summer magazine, the Travel Alberta Information Cruiser, the Travel Alberta This Week newspaper travel features, the rural Regional Tabloids (summer, fall, winter), and the travelalberta.com consumer web site all supported the overall campaign.

- Results of a follow-up survey of the Summer 2000 Destination Campaign found that: 20% of respondents intend to travel more in Alberta this year than last year; awareness of advertising about travel in Alberta increased more than 13%; and awareness of slogans, themes, or catchy phrases promoting travel in Alberta has increased by 35%.
- With the Travel Alberta Information Cruiser, two Alberta specialists visited 22 locations and events around the provinces throughout the summer and counseled approximately 10,500 people on traveling the province.
- *Travel Alberta This Week*, an event focused program, featured editorials on locations and centered around 2 – 3 key events with a descriptive listing of a number of regional events occurring in the area. Industry was given an opportunity to purchase advertisements that would surround the event editorial at a special government rate that AED negotiated. The program was extended to October 2 (from August 28). More than 130 individual ads were placed by industry in the weekly features compared to the original estimate of 50.
- New consortia brought together for the first time include: Alberta Central Golf, Medicine Hat, Grande Cache, Grande Alberta Trail, Charming Inns, Northeast Golf, Brooks, Crowsnest Highway, Jasper Park Lodge/Peace Air and the Greater Edmonton region. An example of the success of these consortia includes the Jasper Home Coming in April, which generated 650 registrations and 100% occupancy at several participating hotels. Another example is Central Alberta Golf, which generated over 1,200 room nights and 2,400 rounds of golf.
- **Industry Leveraging.** Industry leveraging determines the extent to which industry partners share in product marketing investments by Travel Alberta. Overall the target is to leverage provincial contributions with private sector contributions based on a ratio of 1:1, private to public . In 2000 – 2001, Alberta actual private industry marketing investments were more than double (2.5:1) the targets for national and international cooperative programs, and exceeded the targets by 70% (1.7:1) for in-province marketing programs. The higher than expected leveraging reflects the growing support and confidence of the tourism industry with Travel Alberta marketing projects.
- **Tourism Destination Regions (TDRs).** Tourism support is provided for the six TDRs throughout the province based on marketing plans of their activities for the year. In addition Travel Alberta and the in-province marketing contractor work with TDRs through a number of cooperative marketing projects.

- **Marketing Images.** AED coordinates the production of a variety of marketing materials and maintains a library of images for use in marketing efforts. General promotion of Alberta key activities included:
- Worked in partnership with Economic Development Edmonton to produce and distribute updated tourism industry video footage; and
- Acquired video footage and selected still photographs from the six Alberta Tourism Destination Regions for tourism production and industry distribution.

Goal 3: Output Measure

Industry awareness and satisfaction with tourism services.

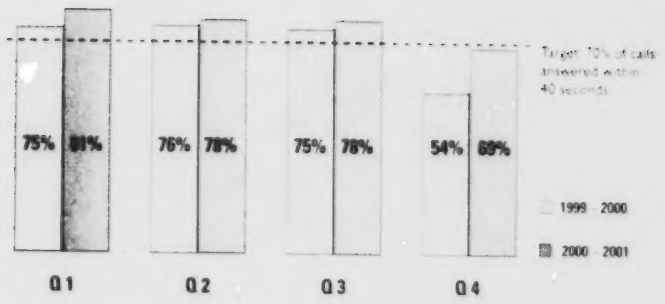
In 2000 - 2001, an industry-wide awareness and satisfaction survey was not conducted because of the need to refine the relevance of the measure and the survey methodology. The measure will be reviewed in the 2001-2002 Annual Report to assess industry partners' satisfaction with tourism marketing products and services.

Tourism Services

In support of its marketing initiatives AED provided tourism services aimed at increasing tourism revenue by ensuring that visitors have accurate and up-to-date information about the tourism products and services available in Alberta.

- **Alberta Call Centre/Distribution Centre.** The Alberta Call Centre provides toll-free telephone information services to Alberta, across Canada and the United States. Trained agents answer inquiries, take orders for travel planning kits and distribute publications. Calls are monitored for quality assurance and staff training purposes. Agents also provide information on Alberta's tourism products and services to visitors at the Alberta Visitor Information Centre at Calgary International Airport.

Telephone Service Factor*



Goal 3: Output Measure

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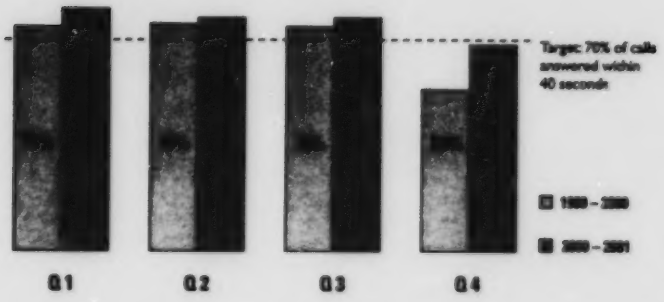
Tourism Services

In support of its marketing initiatives, AED provided tourism services aimed at increasing tourism revenue by ensuring that visitors have accurate and up-to-date information about the tourism products and services available in Alberta.

- **Alberta Call Centre/Distribution Centre.** The Alberta Call Centre provides toll-free telephone counseling within North America (1-800-661-8888) and the Distribution Centre supplies materials to individuals and industry representatives. Overall, as new marketing campaigns were implemented, the volume of tourism information distributed increased significantly from the previous year. Shipments of tourism information rose from 68,241 in 1999 – 2000 to 99,912 in 2000 – 2001, or 46.4% increase.

Telephone Service Factor*



* The Telephone Service Factor is a prime service measure at the Alberta Call Centre. It showed improvement in each quarter of 2000 – 2001 compared to 1999 – 2000.

- **Tourism Information System (TIS).** TIS was launched in February 2001 and is a major new web-based tourism information database designed to improve access to tourism information. It provides the most comprehensive and up-to-date source of information on Alberta tourism products available to Albertans and potential visitors to the province. It is being integrated into the www.travelalberta.com website. Operators at the Alberta Call Centre and the visitor information centres have access to the data. It is currently being introduced, in stages, to information centres and to the tourism industry throughout the province.
- **Travel Alberta Website.** The Travel Alberta website www.travelalberta.com underwent some significant changes in 2000 – 2001. Improved linkages were made with Tourism Destination Region web sites, and the server was improved to allow for faster downloading of tourism information. In addition, streaming video technology was implemented allowing visitors to screen a two-minute destination awareness video.
- **The Visitor Information Centres (VICs).** The provincial VICs are located at the major highway entry points into the province where travelers can obtain Alberta tourism information. During 2000 – 2001, the West Yellowhead provincial Visitor Information Center was opened in Hinton. The Hinton and District Chamber of Commerce operate the centre under an agreement with AED. A similar operating agreement was also put in place with the Lloydminster and District Chamber of Commerce and plans are in place to open a new center in Grande Prairie in Spring 2001.

  The Alberta Visitor Information Program (AVIP), a new program to strengthen information services at the community level was launched in June 2000. This program helps community and regional VICs increase the level of information and travel counseling services to visitors. It provides training, information, and revenue generation opportunities.

Tourism Development

AED supports industry efforts to attract visitors to Alberta by working with tourism operators, investors, developers, and other stakeholders to expand and enhance the quality of Alberta's tourism product base of facilities, attractions, and events.

- **Resource Management and Development.** Activities were undertaken to address policy development, planning, and resource management issues:
- **National Parks Strategy.** AED led the formation of interdepartmental Deputy Minister and working group teams to coordinate the Alberta government's objectives and strategies with respect

to Alberta's mountain national parks. The Deputy Minister level team regularly meets with the senior management of Parks Canada to exchange information and address cross-jurisdictional issues.

As part of this ongoing initiative, Alberta drafted principles for the management of the National Parks that were endorsed by the Provincial and Territorial Ministers Responsible for Tourism. A collaborative mechanism was also established for information sharing between Parks Canada and the provincial Deputy Ministers. Other activities included: research and analysis to support Alberta policy positions, the establishment of links with private sector stakeholders, and the development and presentation of provincial positions on national parks policies and planning.

- **Provincial Recreation Areas and Parks.** An ongoing initiative, a collaborative process has been established between AED and Alberta Environmental Protection to examine tourism business opportunities where the management intent of the site is supportive. In addition, AED participated in: the development of a strategy for reinvestment in provincial parks and recreation areas; management planning processes in Kananaskis Country; and the provision of tourism input to draft legislation for the proposed National Heritage Act.

- **Product Development and Enhancement.** AED provided assistance and advice to over 125 business start-ups and improvements, with clients representing the private, local government, and not-for-profit sectors throughout the province. Key projects included:

- Conducting aboriginal tourism product assessments, including a joint feasibility assessment under the Western Economic Partnership Agreement.

- Designing the first *Growing Rural Tourism* conference through a public/private partnership and inter-departmental team.

- Organizing adventure tourism workshops for tourism operators in cooperation with the Canadian Tourism Commission.

- Project managing Grande Cache tourism opportunity analyses for adventure tourism and dinosaur track tours, as a response to coal industry downturns.

- **Tourism Business Development.** AED supports Minister and Deputy Minister participation in provincial and national tourism business development initiatives, measures the economic contribution tourism projects and visitor spending makes to the economy, and supports increased financing and investment into the tourism industry. Initiatives in 2000 – 2001 included:

- Hosted the Provincial/Territorial Tourism Ministers Conference in Calgary;
- Released economic impact assessment reports on visitor spending in the mountain national parks and downhill skiing in Alberta's mountain region;
- Coordinated economic impact assessments for the Trans Canada Trail in Alberta and provincial heritage facilities; and
- Worked with institutional leaders and private investors to source financing for start-up tourism businesses.

Tourism Research

AED has established a research program to support the Strategic Tourism Marketing Plan and the development of new tourism products. A tourism research advisory committee, with the support of input provided by STMC, ensures that the research needs of industry are brought forward.

Based on consultation with industry and Travel Alberta, AED identified and carried out a number of major tourism research projects including (the results of which are available on AED's website http://www.alberta-canada.com/):

- **Tourism Market Monitor.** AED established this monthly report on tourism industry activity, which includes such indicators as the number of international visitors directly entering Alberta, hotel occupancy rates, air passenger traffic at Calgary and Edmonton airports, and national park attendance.
- **A Summary of Visitor Numbers, Revenue, and Characteristics – 1999.** The report provides comprehensive visitor statistics for Alberta in 1999, the most recent year for which these data are available. The publication reports number of visitors, lists Alberta's major non-resident markets by origin, expenditures in Alberta, and the purpose of the entire trip. The same information is also available for each of Alberta's six tourism destination regions.
- **North American Tour Operators for Alberta.** The report details key characteristics of North American tour operators who currently serve Alberta and those who do not.
- **Japan Consumer Research.** Alberta was part of a consortium of sponsors on this Canadian Tourism Commission-led project, which involved a survey in March/April 2000 of Japanese long-haul pleasure travelers. The survey determined attitudes and perceptions of Japanese visitors given the economic slowdown in Japan during the latter 1990's. Results are compared to similar research undertaken in 1995.
- **Tourism Market Profile Australia.** Australia is Alberta's second largest Asia/Pacific market, after Japan. This report summarizes information on the Australian visitor market to Canada/Alberta, with the main focus being on Alberta.

Future Challenges

The past 12 months were prosperous for the Province of Alberta. But, this economic success came with a number of challenges, many of which will be continuing concerns in the year ahead.

Although electricity and natural gas costs began to decrease at the beginning of 2001, it is expected that energy costs will continue to affect Alberta businesses. Consequently, the demand for alternative energy sources—as well as research and technology relating to the environmental impact and efficiency of these sources—will increase.

Also, a shortage of skilled workers in some sectors—especially in the trades, health care, and the information and communications technology sector—will be an ongoing challenge. Efforts to address this need will continue in 2001.

In the year ahead, the agriculture industry will need to deal with the effects of drought, prevent the infiltration of diseases such as foot and mouth disease, further ongoing diversification, and address biotechnology.

In addition, Canada has yet to negotiate a new softwood lumber agreement with the United States. Working closely with industry and other governments to maintain the greatest possible market access for Alberta lumber products will be critical.

Diversification efforts must also continue. While the oil and gas industry remained strong last year, efforts to expand other sectors are essential to the province's continued economic growth and resiliency. During 2001, Alberta Economic Development will continue to co-champion the implementation of *Get Ready Alberta*, Alberta's economic strategy. This strategy focuses upon advancing innovation and learning, remaining competitive in the global marketplace, and making Alberta the best place to live, work, and visit.

Efforts to promote the opportunities available here and to encourage greater investment in our province will be required as well. These efforts will be assisted by the initiatives presently under way as part of *Get Ready Alberta*. For example, the Alberta Heritage Foundation for Engineering and Scientific Research will be developing technologies with significant commercial potential. At the same time, business taxes will be cut in half by 2004. Both of these initiatives will attract and encourage investment.

Strategic planning for our future is yet another challenge. The continued success of the oil and gas industry means that Alberta has the potential to be debt free well ahead of the legislated debt retirement schedule of 2025. Consequently, the Alberta Government will be including all Albertans in an open dialogue on the future direction and priorities of a debt-free Alberta. Future Summit, hosted by the Alberta Economic Development Authority in cooperation with Alberta Economic Development, Alberta Finance, Alberta Revenue, and Alberta Community Development, will begin in the fall of 2001.

With the help of our partners in business, industry, the community, and government, we will work to find effective solutions to these challenges and maintain the strength of Alberta's economy.

Alberta Economic Development Authority

Through the Alberta Economic Development Authority (AEDA), government, the business community, and individual Albertans continue to find new ways to build Alberta's economy. The AEDA's mission is to **provide Alberta with a proactive vehicle, embracing both the public and private sectors, for the development of economic opportunities at home and abroad.** The AEDA helps shape policies and strategies that are good for the economy by providing the government with advice on business and economic development issues.

In February 2000, a new economic development strategy, *Get Ready Alberta: Strengthening the Alberta Advantage*, was released. The new strategy recognized the reality of a new economy and the fact that knowledge, innovation, research, and technology are becoming the driving forces of economic growth and prosperity. Specifically, the key directions call for a focus on:

- **Unleashing innovation**—Establishing Alberta as a world leader in innovation, research, development and commercialization of new ideas
- **Leading in learning**—Ensuring that all Albertans have the opportunities they need to learn, adapt and develop new knowledge and new skills
- **Competing in a global marketplace**—Ensuring that Alberta is internationally recognized as a good place to invest and do business and that Alberta businesses compete and succeed in a global marketplace
- **Making Alberta the best place to live, work and visit**—Ensuring that Albertans enjoy an unmatched quality of life in a province that's recognized as the best place to live, work and visit.

The AEDA provided private sector review of, and input into, the development of Get Ready Alberta. The AEDA continues to work with government on each of those four directions to ensure that the targets of *Get Ready Alberta* are achieved.

In 2000 – 2001, action continued on the following key initiatives:

Long Term Forestry Strategy

The AEDA's Forestry and Forest Products Committee prepared *A Strategic Vision and Direction for Alberta's Forest Sector*. The Committee consulted with a stakeholder group consisting of leaders from industry and government, representing a cross-section of interests from the lumber, panelboard, pulp and paper, secondary and tertiary wood products, forest industry suppliers, and forest management sectors.

The long-term strategy discusses the challenges facing the forest sector, the need for partnership, sets goals for the next decade, and identifies key directions and actions required to meet these goals. It outlines a process for implementation and measuring progress.

Alberta Aviation Strategy

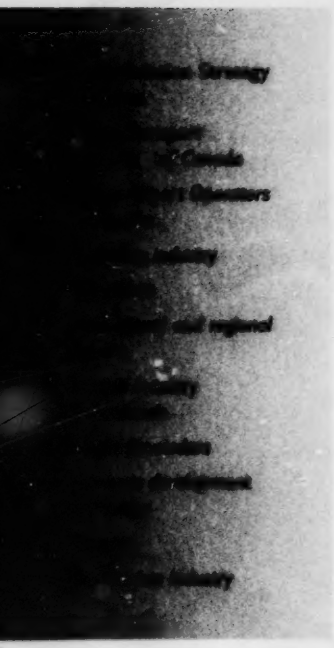
In July 1999, the Ministers of Infrastructure and Economic Development asked the AEDA to develop an Alberta Aviation Strategy. Specifically, the AEDA was asked to consider:

"How should Alberta's aviation sector position itself to maximize opportunities in the New Economy?"

The AEDA formed a task force and a detailed action plan was developed. Strategic issues were prioritized, desired outcomes were articulated, decision-makers were specified, and step-by-step schedules for 40 action items were mapped out. The strategy contains comprehensive information and in-depth treatment of the issues and strategic options selected by the Task Force to move the industry and the province forward in four directions: Government Policy Framework, Financial Stability, Business Strategies, and Action Central.

Canada Transportation Act Review

The AEDA developed and conducted a process whereby the views of shippers, travelers, carriers, facility operators, labour, and other stakeholders were sought on the effectiveness of the Canada Transportation Act in supporting the future prosperity of Albertans. The stakeholders were also asked to make recommendations as to necessary changes to the Act, and to other federal legislation. The proceedings of these consultations were provided to Government of Alberta.



Global Business Forum

On September 21 and 22, 2000, the AEDA, in co-operation with the Business Council on National Issues, hosted the first Global Business Forum in Banff, Alberta. Over 135 of Canada's senior business leaders and other representatives from the public, private, and non-profit sectors were in attendance. The objective of the Global Business Forum was to pull together ideas and innovative approaches from all sectors to focus on building a stronger future together and working toward a more globally competitive Canada. Challenges to Canada becoming a global leader were identified and concrete actions to overcome the obstacles to success were recommended. Copies of the speeches and presentations can be found at www.alberta-canada.com/AEDA/gbf.html, and a copy of the final report can be found at www.alberta-canada.com/AEDA/news.html

Long-Term Tourism Development Strategy

In response to a request to the AEDA for assistance in developing a long-term tourism development strategy, the AEDA's Tourism Committee developed, *"Preparing For Alberta's Tourism Future, December 2000."* The purpose of the report was to identify key challenges and opportunities associated with industry growth and prosperity. The strategy makes recommendations on how the province can meet its target of increasing tourism revenues to $6 billion by 2005. AED will lead an inter-departmental review of the report recommendations in 2001-2002 to formulate a government position on long-term tourism development.

Small Business Services Review

The AEDA reviewed the role government should play in providing services to small business. The AEDA feels strongly that government has a significant role to play in providing assistance to both small business and business start ups. Given overwhelming demand, this role should focus on facilitating opportunity and providing information.

Other

The AEDA continued its support and encouragement of regional economic development initiatives and strategies. Five of these alliances have already been formed and others are emerging across the province.

The Federal Government passed legislation (Bill C-6) dealing with privacy protection in the field of electronic commerce. The AEDA was concerned about the possible burden that could be placed on Alberta businesses by Bill C-6, especially on small- and medium-sized businesses.

The AEDA continued to identify barriers and challenges Alberta faces in preparing people for jobs in the new economy and to develop strategies and policies for addressing those challenges.

Future Challenges for the Alberta Economic Development Authority

Alberta needs to seriously look ahead to determine how Albertans can retain what they have and strengthen and build upon it.

The AEDA was asked by the Alberta government to work with the ministers of Economic Development, Finance, Revenue, and Community Development to plan and facilitate a "Future Summit." The Summit will chart a course for Alberta's debt-free future.

The Summit will give all Albertans a voice in crafting the vision that will carry this province forward. It will reflect the values of Alberta including values of community and family, hard work and caring for others, creativity, confidence and innovation, and excellence in all endeavours.

The AEDA looks forward to being involved in the Future Summit and in the coming year will continue to work with the government in ensuring the goals of business, industry, government, and all Albertans are achieved.

Outcome Measures

Goal 1: Outcome Measures

Alberta's Gross Domestic Product (GDP)

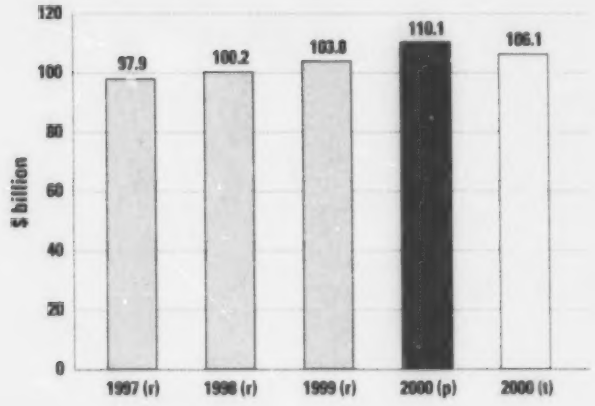
- Gross domestic product is a direct measure of the strength of the economy. In 2000, the projected growth in Alberta's GDP represents real economic growth after adjusting for inflation.

Target: $106.1 billion

Preliminary Actual: $110.1 billion

Alberta's Gross Domestic Product

GDP values are adjusted for inflation at market prices
(constant 1992 dollars)



Source: Alberta Finance, *Alberta Economic Accounts*
(r): revised **(p)**: preliminary **(t)**: target

Results:

- The increase in GDP for 2000 is mainly attributable to increases in energy prices, energy investment, export growth and growth in consumer demand.

Employment Growth

- Employment refers to the annual average number of Albertans who are employed. Employed persons are those who did any work for pay, profit, or had a job and were absent from work.

Target: 47,000

Actual: 35,000

	1997 (r)	1998 (r)	1999 (r)	2000	2000 (t)
Employment (thousands)	1,458	1,515	1,553	**1,588**	1,604
Net New Jobs (thousands)	50	57	38	**35**	47

Source: Statistics Canada, Labour Force Information, Cat. No. 71-001.
(r) revised **(t)** target

Results

- Lower net in-migration because of stronger economic growth in Ontario and British Columbia caused a smaller than expected increase in the labour force. Further, a shift has taken place away from part-time work and towards more full-time work, as full-time employment increased by almost 40,000, while part-time employment declined by approximately 5,000.

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Net New Jobs (thousands)	50	57	38	35	47

Source: Statistics Canada, *Labour Force Information* (Cat. No. 71-001)
(r): revised **(t)**: target

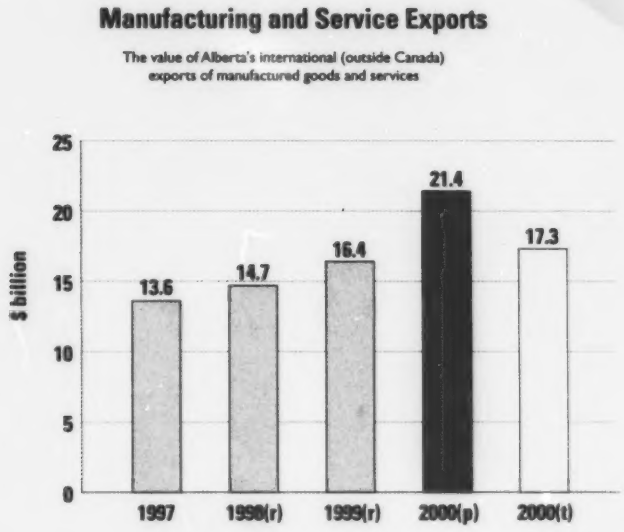
Results:

- Lower net in-migration because of stronger economic growth in Ontario and British Columbia caused a smaller than expected increase in the labour force. Further, a shift has taken place away from part-time work and towards more full-time work, as full-time employment increased by almost 40,000, while part-time employment declined by approximately 5,000.

Manufacturing and Service Exports

Target: $17.3 billion

Preliminary Actual: $21.4 billion



Source: Statistics Canada, *World Trade Atlas, Tourscope* (Cat. No. 66-201) and selected Statistics Canada Surveys; AED[7]
(r): revised **(p)**: preliminary **(t)**: target

Results:

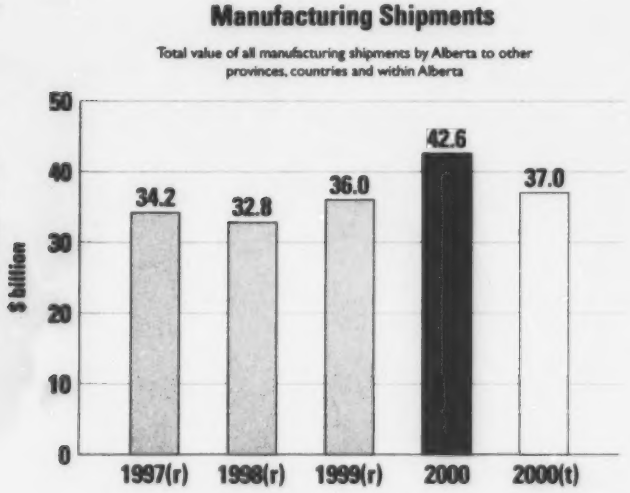
- **The significant increase from 1999 to 2000 was the result of strong world and Alberta economies, additional capacity that came on-stream in Alberta in 2000 (e.g. chemicals), and high commodity prices which increased the prices of a number of manufactured goods (e.g. chemicals and refined petroleum).**

[7] There are three major components of the value-added measure: manufacturing, tourism, and other services. The manufacturing component is based on commodity values reported in Statistics Canada's *World Trade Atlas* (Cat. No. 65C0021). The tourism component is based on Statistics Canada's *Tourscope – International Travel Survey* (Cat. No. 66-201). The "other services" component is based on the *Service Export Survey*, which was conducted in 1996 by Alberta Treasury. This data was updated using data from Statistics Canada's Input-Output Division, and from the Balance of Payments Division (Cat. Nos. 67-203 and 67-001).

Manufacturing Shipments

Target: $37.0 billion

Actual: $42.6 billion



Source: Statistics Canada, *Monthly Survey of Manufacturers* (Cat. No. 31-001) and *Manufacturing Industries of Canada: National and Provincial Areas* (Cat. No. 31-203)

(r): revised **(t)**: target

Results:

- **The strong growth in manufacturing shipments was fueled by higher than forecast global economic growth. Also, refined petroleum and chemical prices held up much better than anticipated.**

Goal 2: Outcome Measures

Manufacturing Service Industry Investment

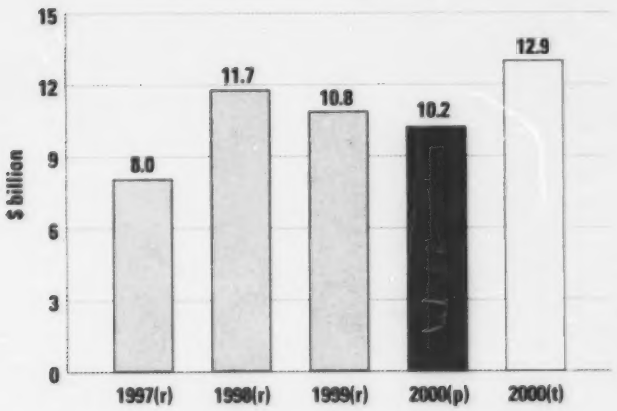
- This measure reflects new capital expenditures in the manufacturing and service industries by both private and public sectors. Included are expenditures on construction, machinery, and equipment.

Target: $12.9 billion

Preliminary Actual: $10.2 billion

Manufacturing and Service Industry Investments

The value of new capital expenditures on construction, machinery and equipment in Alberta's manufacturing and service industries



Source: Statistics Canada, *Private and Public Investment in Canada Intentions* (Cat. No. 61-205) and *Private and Public Investment in Canada, Revised Intentions* (Cat. No. 61-206)

(r): revised **(p)**: preliminary **(t)**: target

Results:

- The decline in investment growth, from 1998-2000, represents the winding down of several multi-billion dollar capital investment projects.

Agri-Food Exports

- Alberta's international agri-food exports include raw agricultural commodities (live animals and crops) and processed agricultural and food products (value-added exports).

Target: $4.2 billion

Preliminary Actual: $5.1 billion

	1997 (r)	1998 (r)	1999 (r)	**2000 (p)**	2000 (t)
International Primary Agricultural Exports ($billions)	3.1	2.7	2.3	**2.5**	2.6
International Food and Beverage Exports ($billions)	1.7	1.9	2.2	**2.6**	1.6
Total International Agri-food Exports ($billions) [8]	4.9	4.7	4.5	**5.1**	4.2

Source: Statistics Canada, International Trade Division, and Trade and Investment Analysis Division, Agriculture and Agri-Food Canada, Agri-Food Export Advisory Board. [9]

(r) revised **(p)** preliminary **(t)** target

Results:

- Agri-food exports increased primarily as a result of increased exports of primary agricultural exports (e.g. cattle) and processed food and beverages.

[8] Numbers do not add due to rounding.

[9] International export statistics are developed from administrative records of Customs and provided by Statistics Canada. These data involve inaccuracies related to the identification and declaration of exports by the province of origin. exports from Alberta may be underestimated.

Farm Cash Receipts

- Farm cash receipts are income received by farmers and ranchers from the sale of products, including government payments.

Total: $6.5 billion

Percentage Annual: $7.4 billion

	1997	1998	1999	2000 (p)	2001 (f)
Crop Receipts ($billions)	2.7	2.5	2.3	2.3	2.4
Livestock Receipts ($billions)	3.6	3.7	3.9	4.4	3.9
Program Payments ($billions)	0.2	0.2	0.2	0.7	0.2
Total Farm Cash Receipts ($billions)	6.5	6.4	6.4	7.4	6.5

(p) [illegible] (f) [illegible]

[illegible]

- From 1999 to 2000, Alberta farm cash receipts rose mostly as a result of increased program support payments and livestock receipts.

Agri-Food Exports

- **Alberta's international agri-food exports include raw agricultural commodities (live animals and crops) and processed agricultural and food products (value-added exports).**

Target: $4.2 billion

Preliminary Actual: $5.1 billion

	1997 (r)	1998 (r)	1999 (r)	**2000 (p)**	2000 (t)
International Primary Agricultural Exports ($billions)	3.1	2.7	2.3	**2.5**	2.6
International Food and Beverage Exports ($billions)	1.7	1.9	2.2	**2.6**	1.6
Total International Agri-food Exports ($billions) [8]	4.9	4.7	4.5	**5.1**	4.2

Source: Statistics Canada, *Canadian International Merchandise Trade* (Cat. No. 65-001) and Alberta Agriculture, Food and Rural Development, *Alberta's Agri-food Exports by Product, Value*[9]

(r) revised **(p)** preliminary **(t)** target

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Total Farm Cash Receipts ($billions)	6.5	6.4	6.4	7.4	6.5

Source: Statistics Canada, *Agriculture Economics Statistics* (Cat. No. 21-603-UPE)
(p): preliminary **(t)**: target

Results:

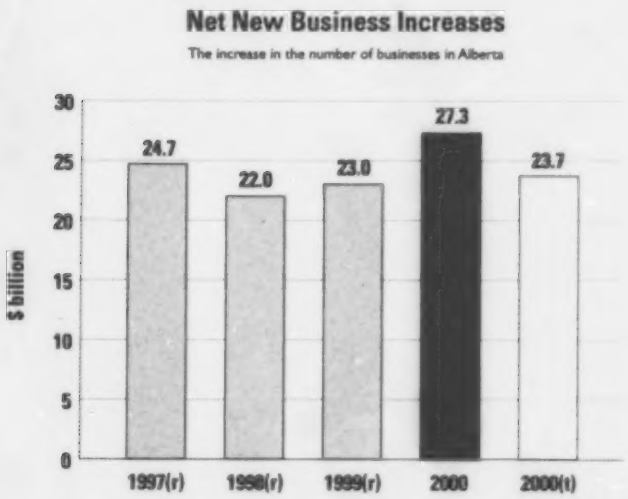
- From 1999 to 2000, Alberta farm cash receipts rose mostly as a result of increased program support payments and livestock receipts.

Net New Business Increases

- The net new business increase indicator is the approximate increase in the number of businesses based on the difference between new business incorporations and business bankruptcies.

Target: 23,700

Actual: 27,261



Source: Alberta Government Services, *Corporate Registries* and Industry Canada, *Office of the Superintendent of Bankruptcy Canada*
(t): target **(r)**: revised

Results:

- Stronger than expected economic growth enhanced Alberta's appeal as a place to establish new businesses in 2000.

Cost Competitiveness of Alberta Cities

- **To be the most cost effective location in selected Canadian and U.S. locations in selected value-added sectors. To be cost effective, Alberta should have a ranking value in the top five for overall business competitiveness.[10]**

Target: under development

Competitiveness Ranking of Calgary and Edmonton	Actual 2000		Actual 2001	
Sectors/Subsectors	Calgary	Edmonton	Calgary	Edmonton
Food Processing	2	1	4	1
Health Care Products & Services				
Pharmaceuticals	3	1	3	1
Medical Devices	3	1	2	1
Information, Communication and Technology (ICT)				
Telecommunications Equipment	3	1	2	1
Software	3	1	2	1
Electronics	3	1	2	1
Industrial Machinery/Metal Fabrication	3	2	4	3
Plastics	3	2	4	3

Source: KPMG, *Custom Cost Model* [11]

Results:

- **All Alberta locations included in the cost competitive model are ranked within the top five of the 13 locations considered in this model comparing cost competitiveness in the food processing; health care products and services; information, communication and technology (ICT); industrial machinery/metal fabrication and plastics industry sectors/sub-sectors.**

- **For a description of the model please see page 22 and footnote 11 below.**

[10] This measure is an alternative indicator for Goal 2: Alberta's businesses, communities, and industry sectors are globally competitive. It is a competitive assessment framework that is more specific and relevant to AED's strategies and goals than its predecessor the Alberta Advantage Competitive Assessment Framework. Moreover, data for the 2000-2001 fiscal year was not available for all components in the Alberta Advantage Competitive Assessment Framework.

[11] The model examines location-sensitive costs and taxes for Canadian cities (Calgary, Edmonton, Vancouver, Toronto, Ottawa, and Montreal) and seven US cities (Boise, Boston, Colorado Springs, Minneapolis, Phoenix, San Jose, and Seattle). These cities were chosen in consultation with other stakeholders based on a combination of several factors. Factors considered include the presence of important industry clusters (all), a low cost structure e.g. Boise, Colorado Springs, geographic location in Alberta's trading and investment area (all but Boston), and the availability of data. The industries chosen reflect AED's focus on industry sectors with the potential to impact the Alberta economy. The location-sensitive costs and taxes include: initial capital costs for land acquisition and building construction; total annual labour costs, including all benefits; office lease and occupancy costs; electricity costs; transportation costs; telecommunications costs; interest and depreciation charges; federal, regional, and local taxes levied on corporations, including significant non-discretionary tax incentives; and additional discretionary tax and financial incentives.

Cost Competitiveness of Alberta Cities

- To be the most cost effective location in selected Canadian and U.S. locations in selected value-added sectors. To be cost effective, Alberta should have a ranking value in the top five for overall business competitiveness.[10]

Competitiveness Ranking of Calgary and Edmonton	Actual 2000		Actual 2001	
Sectors/Subsectors	Calgary	Edmonton	Calgary	Edmonton
Food Processing	2	1	4	1
Health Care Products & Services				
Pharmaceuticals	3	1	3	1
Medical Devices	3	1	2	1
Information, Communication and Technology (ICT)				
Telecommunications Equipment	3	1	2	1
Software	3	1	2	1
Electronics	3	1	2	1
Industrial Machinery/Metal Fabrication	3	2	4	3
Plastics	3	2	4	3

[11]

- All Alberta locations included in the cost competitive model are ranked within the top five of the 13 locations considered in this model comparing cost competitiveness in the food processing, health care products and services, information, communication and technology (ICT), industrial machinery, metal fabrication and plastics industry sectors sub-sectors.
- For a description of the model please see page 22 and footnote 11 below.

[10]

[11]

Number of 'Export-Ready' and active exporting companies in Alberta

- Export ready companies are those that have an export plan and have committed resources to planning but are not yet actively engaged in export activity.

	1999-00	2000-01	2000-01(t)
Number of export-ready companies	1,300	**1,138**	1,000
Number of active exporters	1823	**1,801**	2,500

(t) Target

Results

- The appearance of a slight decline in the numbers of export ready and active exporters reflects the quality control process that was implemented in 2000. The current figures more accurately reflect the total number of export ready and active exporters within Alberta.

12

Goal 3: Outcome Measures

Tourism Industry Revenue

- Tourism industry revenue figures include expenditures made in Alberta by visitors from overseas, the United States, other Canadian provinces, and residents of Alberta.

Target: $4.5 billion

Actual: Data not available

Results:

- Results for this measure will not be available until the third quarter of 2001, due to the suspension of the *Canadian Travel Survey* by Statistics Canada. Results will be presented in the 2001 - 2002 annual report, if available.

Alberta's market share of Canadian international tourism (overnight) visitors from Europe, Asia, and the United States

	1998	1999	2000	2000 (t)
Europe %	13.5	13.6	**13.9**	13.7
Asia %	15.8	16.0 (r)	**15.6**	16.1
United States %	6.6	6.2	**6.5**	6.8

(t) (r)

Results:

- Alberta saw increased visitation from the European and United States markets in 2000. The number of visitors from Asian markets decreased causing Asia's market share to decrease in 2000.

Alberta's share of total Canadian tourism revenue

Target: 16%

Actual: Data not available

Results:

- Results for this measure will not be available until the third quarter of 2001, due to the suspension of the *Canadian Travel Survey* by Statistics Canada. Results will be presented in the 2001-2002 annual report, if available.

Number of 'Export-Ready' and active exporting companies in Alberta

- Export-ready companies are those that have an export plan and have committed resources to planning but are not yet actively engaged in export activity.

	1999-00	2000-01	2000-01(t)
Number of export-ready companies	1,300	1,138	1,000
Number of active exporters	1,823	1,891	2,500

Source: Department of Foreign Affairs and International Trade (DFAIT)
(t): target

Results:

- **The appearance of a slight decline in the numbers of export ready and active exporters reflects the quality control process that was implemented in 2000. The current figures more accurately reflect the total number of export ready and active exporters within Alberta.**

[12] The WIN Export database is a computerized database of registered Canadian exporters. Registration in this database is voluntary, which may result in the under-reporting of the total number of actively exporting and export-ready companies in Alberta.

Goal 3: Outcome Measures

Tourism Industry Revenue

- Tourism industry revenue figures include expenditures made in Alberta by visitors from overseas, the United States, other Canadian provinces, and residents of Alberta.

Target: $4.5 billion

Actual: data not available

Results:

- Results for this measure will not be available until the third quarter of 2001, due to the suspension of the *Canadian Travel Survey* by Statistics Canada. Results will be presented in the 2001 – 2002 annual report, if available.

Alberta's market share of Canadian international tourism (overnight) visitors from Europe, Asia, and the United States

	1998	1999	2000	2000 (t)
Europe %	13.5	13.6	13.9	13.7
Asia %	15.8	16.0 (r)	15.6	16.1
United States %	6.6	6.2	6.5	6.8

Source: Statistics Canada, *International Travel Survey* (Cat. No. 66-001) **(t)**: target **(r)**: revised

Results:

- Alberta saw increased visitation from the European and United States markets in 2000. The number of visitors from Asian markets decreased causing Asia's market share to decrease in 2000.

Alberta's share of total Canadian tourism revenue

Target: 15%

Actual: data not available

Results:

- Results for this measure will not be available until the third quarter of 2001, due to the suspension of the *Canadian Travel Survey* by Statistics Canada. Results will be presented the 2001-2002 annual report, if available.

Financial Information
Ministry of Economic Development

Ministry of Economic Development

Financial Statements
March 31, 2001

Auditor's Report

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AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Economic Development as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Treasury, including the following policy that is an exception from Canadian generally accepted accounting principles. The Ministry employs a policy of expensing new system development under $100,000 and all other capital asset purchases under $15,000. Consequently a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2001 assets have been understated and net liabilities overstated by approximately $760,000 representing the unconsumed cost of capital assets at that date. The effect on expenses of expensing rather than amortizing capital assets was not material for the year ended March 31, 2001.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Ministry of Economic Development as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Ministry of Economic Development
Statement of Operations
For the Year Ended March 31, 2001

(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Revenues (Schedules 1 and 2)	(Schedule 4)		
Internal Government Transfers	$ -	$ -	$ 500
Transfers from Government of Canada	339	**143**	36
Fees, Permits, and Licences	-	-	1
Other Revenue	750	**1,252**	693
	1,089	**1,395**	1,230
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 2, 3 and 5)			
Ministry Support Services	5,112	**4,825**	4,282
Marketing and Business Development	29,189	**26,730**	26,102
Tourism (Note 3)	16,935	**18,700**	16,589
	51,236	**50,255**	46,973
Valuation Adjustments			
Provision for Vacation Pay	-	**186**	145
Provision for Doubtful Accounts	-	-	35
	-	**186**	180
	51,236	**50,441**	47,153
Write down on Capital Assets	-	**183**	-
Write down on Inventories Held for Sale	-	**3**	-
		186	-
Net Operating Results	$ (50,147)	**$ (49,232)**	$ (45,923)

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development
Statement of Changes in Financial Position
For the Year Ended March 31, 2001

(in thousands)	2001	2000
Operating Transactions		
Net Operating Results	**$ (49,232)**	$ (45,923)
Non-cash items:		
Amortization	**65**	85
Write Down of Capital Assets	**183**	-
Write Down of Inventories Held for Sale	**3**	-
Valuation Adjustments	**186**	180
	(48,795)	(45,658)
Decrease (increase) in Accounts Receivable	**(321)**	969
Decrease (increase) in Advances	**37**	(78)
Decrease (increase) in Inventories Held for Sale	**(17)**	(3)
Increase (decrease) in Accounts Payable and Accrued Liabilities	**(3,907)**	3,290
Increase (decrease) in Unearned Revenue	-	(41)
Cash used by Operating Transactions	**(53,003)**	(41,521)
Investing Transactions		
Purchase of Capital Assets	**(360)**	(299)
Cash used by Investing Transactions	**(360)**	(299)
Financing Transactions		
Net transfer from General Revenues	**53,253**	41,925
Net Cash Provided (Used)	**(110)**	105
Cash, Beginning of Year	**3,115**	3,010
Cash, End of Year	**$ 3,005**	$ 3,115

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development
Statement of Financial Position
As at March 31, 2001
(in thousands)

Assets	2001	2000
Cash	$ 3,005	$ 3,115
Accounts Receivable (Note 4)	348	27
Advances (Note 5)	331	368
Inventories Held for Sale	36	22
Capital Assets (Note 6)	650	538
	$ 4,370	$ 4,070
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5,312	$ 9,033
	5,312	9,033
Net Liabilities		
Net Liabilities at Beginning of Year	$ (4,963)	$ (965)
Net Operating Results	(49,232)	(45,923)
Net Transfer from General Revenues	53,253	41,925
Net Liabilities at End of Year	(942)	(4,963)
	$ 4,370	$ 4,070

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development Notes to the Financial Statements for the year ended March 31, 2001

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Economic Development operates under the authority of the Government Organization Act, Statutes of Alberta.

The Ministry of Economic Development's vision of **Alberta is the best place in the world to live and do business** and its mission **to promote Alberta's continuing prosperity** will be accomplished by continuing to build strong teams, partnerships, and alliances with Alberta businesses and communities in coordinating market development, investment attraction, and tourism.

We work to achieve our mission by concentrating on the following three core businesses:

1. Providing strategic leadership for Alberta's economic development policy and planning;
2. Promoting market development and attracting investment to Alberta; and
3. Stimulating tourism marketing and development.

We will continue to provide competitive intelligence and business solutions to Alberta businesses. We value our products: The delivery of the right information in the right timeframe to impact industry investment decisions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries, departments, agencies and funds. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Economic Development for which the Minister of Economic Development is accountable. The Department of Economic Development is the only reporting entity in the Ministry of Economic Development for the year ended March 31, 2001. The Results Analysis section of the Ministry Annual Report provides a more complete picture of results achieved and of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid

from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Fair value

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their book values.

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in schedule 8.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for sale.

Inventories held for sale are valued at lower of cost and estimated net realizable value.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

Foreign Currency Transactions

The Ministry uses the temporal method to translate foreign currency transactions as follows:

- Monetary items are translated at the rate of exchange in effect at the balance sheet date; and
- Expense items and non-monetary items are translated at the rate of exchange in effect in the period they occur.

NOTE 3 TOURISM PROGRAMS

(amounts in thousands)

On April 1, 1999 a new framework for tourism marketing was put into place which became fully operational in the 1999-2000 fiscal year. As part of the implementation of the framework, on July 7, 1999 the Ministry entered into a three-year agreement with Travel Alberta International Inc. (TAI), a not-for-profit Corporation jointly owned by Economic Development Edmonton and Calgary Convention and Visitors Bureau, to carryout international tourism marketing on behalf of the Ministry. The nature of this arrangement is such that the Ministry exercises significant influence over the strategic operational, investing and financing activities of TAI. During the year the Ministry acquired tourism marketing services totaling $ 7,603 from TAI, of which $ 307 was payable to TAI as at March 31, 2001.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 356	$ 8	$ 348	$ 27

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 LOANS AND ADVANCES

(in thousands)

	2001	2000
	Net Realizable Value	Net Realizable Value
Travel and Other Advances	$ 331	$ 368

NOTE 6 CAPITAL ASSETS

(in thousands)

		2001			2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	10 Years	$ 841	$ 534	$ 307	$ 426
Computer Hardware and Software	3 Years	1,194	851	343	112
		$ 2,035	$ 1,385	$ 650	$ 538

NOTE 7 COMMITMENTS

(in thousands)

As at March 31, 2001 the Ministry has the following commitments for each of the next five years.

	Total	Grants	Contracts
2001-2002	$ 16,737	$ 153	$ 16,584
2002-2003	$ 2,392	$ -	$ 2,392
2003-2004	$ 405	$ -	$ 405
2004-2005	$ 55	$ -	$ 55
2005-2006	$ 55	$ -	$ 55

NOTE 8 CONTINGENCIES

(amounts in thousands)

As at March 31, 2001, the Ministry is a defendant in four legal claims (2000 – three legal claims). These claims have specified amounts totaling $ 9,475 (2000 - $ 16,700).

The Ministry considers that a valid defence exists in every instance; however, the resulting loss, if any, from these claims cannot be determined.

NOTE 9 PENSIONS

(amounts in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $ 895 for the year ended March 31, 2001 (2000 - $ 793).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $ 104,658 (1999 - $ 46,019) and the Public Service Pension Plan reported a surplus of $ 635,084 (1999 - $ 517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $ 180 (1999 - $33).

NOTE 10 OTHER BUSINESS RELATIONSHIPS

(amounts in thousands)

(a) The Business Link Business Service Centre

The Business Link Business Service Centre (the "Centre") was established in 1996 as a government partnership between the Province of Alberta, Economic Development Edmonton and the Government of Canada, to deliver business information and services to entrepreneurs and businesses and reduce overlap and duplication among the service providers. The management committee of the Centre consists of equal representation from all three levels of government. During the year the Ministry contributed $ 502 towards the Centre's operations. These amounts are included in the Ministry's financial statements under the element "Regional Development". Additionally, $ 130 was incurred by the Ministry of Infrastructure to support accommodation costs of the Business Link.

(b) CAPC

In April 1999 the Province of Alberta entered into a five year agreement, expiring in February, 2004 with the China National Petroleum Corporation (CNPC), to jointly operate and manage the CNPC-Alberta Petroleum Centre (CAPC) located in Beijing, Peoples Republic of China. The main purpose of the CAPC is to promote the transfer of advanced petroleum and environment related science and technology between CNPC and Alberta. Six of the thirteen members of the board of the Centre at March 31, 2001 were appointed by the Province of Alberta. During the year, the Ministry contributed $ 607 towards the operations and training programs and $ 160

towards upgrading the Centre's equipment. These amounts are included in the Ministry's financial statements under the element "International Trade Representation".

NOTE 11 COMPARATIVE FIGURES

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Senior Financial Officer and the Deputy Minister.

Ministry of Economic Development

Schedule to the Financial Statements
Revenues
For the Year Ended March 31, 2001
Schedule 1

(in thousands)

	2001		2000
	Budget	**Actual**	**Actual**
Internal Government Transfers			
Transfer from the Lottery Fund	$ -	**$ -**	$ 500
	-	**-**	500
Transfers from Government of Canada			
Western Economic Partnership Agreement	339	**143**	36
	339	**143**	36
Fees, Permits and Licences			
Freedom of Information and Protection of Privacy Act	-	**-**	1
	-	**-**	1
Other Revenues			
Refund of Expenditure	-	**721**	496
Other Revenue	750	**531**	197
	750	**1,252**	693
Total Revenues	$ 1,089	$ **1,395**	$ 1,230

Ministry of Economic Development
Schedule to the Financial Statements
Dedicated Revenue Initiatives
For the Year Ended March 31, 2001
Schedule 2

(in thousands)

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues [1]	(Shortfall)/ Excess
Transfers from Government of Canada: Western Economic Partnership Agreement			
Connectivity 2000	$ 100	$ 70	$ (30)
Community Investment Program	120	54	(66)
Integrated Investment Information System	100	-	(100)
Competitive Intelligence Training	19	19	-
	$ 339	**$ 143**	**$ (196)** [2]

[1] These amounts are recorded in the Ministry's Statement of Operations and disclosed in schedule 1.
[2] Shortfall is deducted from current year's authorized budget, as disclosed in schedules 4 and 5 to the financial statements.

Ministry of Economic Development
Schedule to the Financial Statements
Expenses - Directly Incurred Detailed by Object
For the Year Ended March 31, 2001
Schedule 3

(in thousands)

	2001		2000
	Budget	Actual	Actual
Voted			
Salaries, Wages and Employee Benefits	$ 15,737	**$ 15,959**	$ 13,827
Supplies and Services	34,464	**31,968**	29,977
Grants	925	**2,180**	2,995
Financial Transactions and Other	68	**83**	89
Amortization of Capital Assets	42	**65**	85
Total Voted Expenses	$ 51,236	**$ 50,255**	$ 46,973

Ministry of Economic Development
Schedule to the Financial Statements
Budget
For the Year Ended March 31, 2001
Schedule 4

(in thousands)	2000 - 2001 Estimates	Adjustments(a)	2000 - 2001 Authorized Budget
Revenues:			
Transfers from Government of Canada	$ 339	$ -	$ 339
Other Revenue	750	-	750
	1,089	-	1,089
Expenses:			
Voted			
Ministry Support Services	5,112	-	5,112
Marketing and Business Development	29,189	-	29,189
Tourism	16,935	-	16,935
Dedicated Revenue Shortfall (Schedule 2)	-	(196)	(196)
	51,236	(196)	51,040
	$ (50,147)	**$ (196)**	**$ (49,951)**

(a) Adjustments include dedicated revenue shortfalls.

Ministry of Economic Development

Schedule to the Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget
For the Year Ended March 31, 2001
Schedule 5

(In thousands)

		Estimates	2000-2001 Adjustments[a]	2000-2001 Authorized Budget	2000-2001 Actual Expenses[b]	Unexpended (Over Expended)
Expenses						
Voted Expenses and Capital Investments						
1.	**Ministry Support Services**					
1.0.1	Minister's Office	$ 295	$ -	$ 295	**$ 283**	$ 12
1.0.2	Deputy Minister's Office	360	-	360	**422**	(62)
1.0.3	Finance and Administration					
	- Operating Expense	3,571	-	3,571	**3,281**	290
	- Capital Investment	-	-	-	**2**	(2)
1.0.4	Alberta Economic Development Authority Support	303	-	303	**235**	68
1.0.5	Standing Policy Committee on Jobs and Economy	95	-	95	**81**	14
1.0.6	Communications	488	-	488	**523**	(35)
		5,112	-	5,112	**4,827**	285
2.	**Marketing and Business Development**					
2.1	Policy and Knowledge Management					
2.1.1	Policy and Economic Analysis	2,046	-	2,046	**1,709**	337
2.1.2	Knowledge and Information Management	3,639	-	3,639	**3,057**	582
		5,685	-	5,685	**4,766**	919
2.2	Investment and Trade					
2.2.1	Operations	278	-	278	**346**	(68)
2.2.2	International Trade Representation (Note 10)	6,205	-	6,205	**4,769**	1,436
2.2.3	International Marketing					
	- Operating Expense	6,149	-	6,149	**6,953**	(804)
	- Capital Investment	-	-	-	**108**	(108)
2.2.4	Investment	1,748	-	1,748	**1,806**	(58)
2.2.5	External Relations	681	-	681	**676**	5
		15,061	-	15,061	**14,658**	403
2.3	Industry and Regional Development					
2.3.1	Operations	292	-	292	**288**	4
2.3.2	Industry Development	4,903	-	4,903	**4,000**	903
2.3.3	Regional Development (Note 10)	3,248	-	3,248	**3,126**	122
		8,443	-	8,443	**7,414**	1,029
3.	**Tourism**					
3.0.1	Travel Alberta Secretariat	1,100	-	1,100	**1,107**	(7)
3.0.2	In-Alberta/Regional Marketing Campaign	2,000	-	2,000	**2,807**	(807)
3.0.3	International Marketing Campaign (Note 3)	6,000	-	6,000	**7,603**	(1,603)
3.0.4	Regional Marketing Network	1,500	-	1,500	**1,800**	(300)
3.0.5	Alberta Image Promotion	1,500	-	1,500	**992**	508
3.0.6	Research	500	-	500	**253**	247
3.0.7	Foreign Representatives	700	-	700	**584**	116
3.0.8	Visitor Support Services					
	- Operating Expense	2,811	-	2,811	**2,706**	105
	- Capital Investment	-	-	-	**250**	(250)
3.0.9	Tourism Development Branch	824	-	824	**848**	(24)
		16,935		16,935	**18,950**	(2,015)
	Dedicated Revenue Shortfall (Schedule 2)	-	(196)	(196)	**-**	(196)
		$ 51,236	$ (196)	$ 51,040	**$ 50,615**	$ 425
Total by Program						
	Ministry Support Services	5,112	-	5,112	**4,827**	285
	Marketing and Business Development	29,189	-	29,189	**26,838**	2,351
	Tourism	16,935	-	16,935	**18,950**	(2,015)
	Dedicated Revenue Shortfall (Schedule 2)	-	(196)	(196)	**-**	(196)
		$ 51,236	$ (196)	$ 51,040	**$ 50,615**	$ 425
	Program Operating Expense	51,236	(196)	51,040	**50,255**	785
	Program Capital Investment	-	-	-	**360**	(360)
		$ 51,236	$ (196)	$ 51,040	**$ 50,615**	$ 425
Statutory Expenses						
	Valuation Adjustments	$ -	$ -	$ -	**$ 186**	$ (186)

[a] Adjustments include dedicated revenue shortfalls.
[b] Includes achievement bonus of $423,000.

Ministry of Economic Development
Schedule to the Financial Statements
Salary and Benefits Disclosure
For the Year Ended March 31, 2001
Schedule 6

	2001			2000
	Salary [1]	Benefits and Allowances [2]	Total	Total
Deputy Minister [3]	$ 164,470	$ 41,776	$ 206,246	$ 181,442
Other Executives:				
Assistant Deputy Minister Tourism and Industry [5]	116,464	27,684	144,148	130,276
Assistant Deputy Minister Investment and Trade [5]	123,670	40,405	164,075	151,167
Executive Director Policy and Economic Analysis	101,998	17,511	119,509	37,676
Director Finance and Performance Accountability [4] [5]	35,817	9,327	45,144	-
Executive Director Information and Strategic Services [4] [6]	59,864	11,777	71,641	126,861
Assistant Deputy Minister International Markets and Regional Development [7]	-	-	-	78,543

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

[1] Salary includes regular base pay, bonuses, lump sum payments and any other direct cash remuneration.

[2] Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, vacation payouts, professional memberships and tuition fees.

[3] Automobile provided, no dollar amount included in the benefits and allowances figure.

[4] On October 25, 2000 the Ministry went through an internal reorganization that resulted in the elimination of the position of Executive Director Information and Strategic Services. The position of Director Finance and Performance Accountability became a member of the Executive Committee effective that day. This schedule reflects the salary and benefits for the director from October 25, 2000 through March 31, 2001.

[5] The benefits and allowances figures include vacation payouts for the following individuals: Assistant Deputy Minister, Tourism and Industry 2001 $3,699 (2000 $3,876); Assistant Deputy Minister, Investment and Trade 2001 $13,054 (2000 $10,669); Director Finance and Performance Accountability 2001 $1,716.

[6] The incumbent left the Ministry to serve in another ministry on October 25, 2000.

[7] The incumbent left government service on August 3, 1999. Salary and benefits include vacation payout amounting to $36,925 in 2000.

Ministry of Economic Development
Schedule to the Financial Statements
Related Party Transactions
For the Year Ended March 31, 2001
Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Ministry and its employees paid or collected certain fees and charges set by regulation. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
Revenues:	2001	2000	2001	2000
Grants	$ -	$ -	$ -	$ 500,000
Other	-	-	$ 105,000	-
	$ -	$ -	$ 105,000	$ 500,000
Expenses:				
Other Expenses	$ -	$ -	$ 378,675	$ 268,024
	$ -	$ -	$ 378,675	$ 268,024

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in schedule 8.

	Entities in the Ministry		Other Entities	
Expenses - Incurred by Others:	2001	2000	2001	2000
Accommodation	$ -	$ -	$ 5,324,620	$5,479,307
Other Services	-	-	$ 45,051	$ 91,018
	$ -	$ -	$ 5,369,671	$5,570,325

Ministry of Economic Development

Schedule to the Financial Statements
Allocated Costs
For the Year Ended March 31, 2001
Schedule 8

(in thousands)

	2001					2000
		Expenses - Incurred by Others		Valuation Adjustment		
Program	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Total Expenses	Total Expenses
Ministry Support Services	$ 4,825	$ 794	$ 18	$ 9	$ 5,646	$ 5,079
Marketing and Business Development	26,730	3,365	10	168	30,273	30,036
Tourism Programs	18,700	1,166	17	9	19,892	17,607
	$ 50,255	**$ 5,325**	**$ 45**	**$ 186**	**$ 55,811**	**$ 52,722**

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Alphabetical List of Entities' Financial Information in Ministry 2001-01 Annual Reports

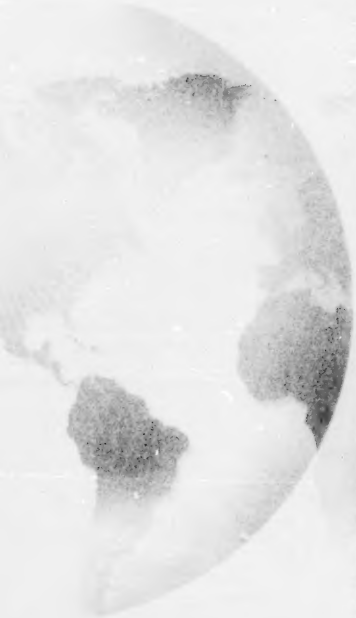
ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Heritage Science and Engineering Research Endowment Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc. (iCORE)	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	

Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Gaming
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations

Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Health and Wellness
Central Community Board	Health and Wellness
Edmonton Community Board	Health and Wellness
Northeast Community Board	Health and Wellness
Northwest Community Board	Health and Wellness
South Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
S C Financial Ltd.	Treasury
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
Wild Rose Foundation, The	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY



Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Treasury
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan -Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Treasury
Supplementary Retirement Plan for Public Service Managers	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment

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